



DRAFT RED HERRING PROSPECTUS  
Please read 60B of the Companies Act, 1956  
Dated April 18, 2011  
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)  
Book Built Issue

## VISHWANATH PROJECTS LIMITED

(Originally formed as a partnership firm in the name and style of M/s. Vishwanath Electricals vide partnership deed dated 5th November 2003. The partnership firm was converted into a public limited Company on February 24, 2006 under part IX of the Companies Act, 1956 as "Vishwanath Projects Limited". The Company is registered with the Registrar of Companies, Andhra Pradesh at Hyderabad with Corporate Identification Number U40105AP2006PLC049272 and received certificate of Commencement of Business dated March 31, 2006. For further details, please refer chapter titled "History and Certain Corporate Matters" beginning on page 104 of this Draft Red Herring Prospectus.)

**Registered Office:** Flat No.401, 4<sup>th</sup> Floor, 3-5-874/A, R K Vipanchi Estates, Hyderabad, Hyderabad – 500 029, Andhra Pradesh.  
**Tel:** 91 40 23211660/1; **Fax:** 91 40 23210198. **Website:** [www.vplindia.com](http://www.vplindia.com) **E-mail:** [ipo@vplindia.com](mailto:ipo@vplindia.com)

**Contact Person:** Mr. Kondaveti Rajesh Babu, Company Secretary & Compliance Officer

### PROMOTERS OF THE COMPANY: MR. KOMARAVELLI SHIVA KUMAR AND MR. DARAPUNENI MURALI

**PUBLIC ISSUE OF [●] EQUITY SHARES OF ₹10/- EACH FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE AGGREGATING ₹ 3200 LAKHS (THE "ISSUE") BY VISHWANATH PROJECTS LIMITED (THE "COMPANY" OR "THE ISSUER"). THE ISSUE WOULD CONSTITUTE [●] % OF THE POST-ISSUE PAID-UP EQUITY CAPITAL OF THE COMPANY.**

**THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH**

**THE PRICE BAND AND THE MINIMUM BID LOT SIZE WILL BE DECIDED BY THE COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND ADVERTISED BY THE COMPANY AT LEAST 2 WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE.**

In case of revision in the Price Band, the Bidding Period will be extended for three additional days after revision of the Price Band subject to the Bidding Period/Issue period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the Self Certified Syndicated Banks ('SCSBs') The National Stock Exchange of India Limited (NSE) and the Bombay Stock Exchange Limited (BSE) by issuing a press release, and also by indicating the change on the website of the Book Running Lead Manager ("BRLM") and the terminals of the Syndicate Members.

The Issue is being made through the 100% Book Building Process in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "SEBI (ICDR) Regulations"), wherein up to 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to QIBs including mutual funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price.

All Investors may participate in this Issue through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid Amounts will be blocked by the SCSBs. Specific attention of investors is invited to "Issue Procedure" on page 205 of the Draft Red Herring Prospectus.

### RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of Equity shares of the Company there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is ₹10/- and issue price is [●] times of the face value. The Issue price (as determined and justified by the Company in consultation with the BRLM as stated herein under the paragraph "Basis for Issue Price") should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

### GENERAL RISKS

Investment in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" on page 12 of this Draft Red Herring Prospectus.

### ISSUER'S ABSOLUTE RESPONSIBILITY

The Company having made all reasonable inquiries, accepts responsibility for and confirm that this Draft Red Herring Prospectus contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

### IPO GRADING

This Issue has been graded by [●] as [●], indicating [●] through its letter [●]. For details, please refer to the section titled "General Information" starting from page 36 and the section titled "Material Contracts and Documents for Inspection" starting from page 263 of this Draft Red Herring Prospectus.

### LISTING

The Equity Shares offered through this Draft Red Herring Prospectus are proposed to be listed on the BSE and NSE. The Company has received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to their letters dated [●] and [●] respectively. For the purpose of this Issue, the Designated Stock Exchange is [●].

### BOOK RUNNING LEAD MANAGERS



#### Karvy Investor Services Limited

"Karvy House", 46, Avenue 4, Street No. 1, Banjara Hills,  
Hyderabad (Andhra Pradesh) - 500 034  
Tel.: 91 40 2331 2454, 2342 8774  
Fax : 91 40 2337 4714  
Email: [vplipo@karvy.com](mailto:vplipo@karvy.com)  
Website: [www.karvy.com](http://www.karvy.com)  
Investor Grievance email: [igmbd@karvy.com](mailto:igmbd@karvy.com)  
Contact person: Mr. M P Naidu  
SEBI Registration No.: INM000008365

### REGISTRAR TO THE ISSUE



#### Bigshare Services Private Limited

E-2, Ansa Industrial Estate, Sakivihar Road,  
Saki Naka, Andheri (East), Mumbai – 400 072  
Tel: 91 22 40430200  
Fax: 91 22 2847 5207  
Email: [ipo@bigshareonline.com](mailto:ipo@bigshareonline.com)  
Website: [www.bigshareonline.com](http://www.bigshareonline.com)  
Investor Grievance email: [investor@bigshareonline.com](mailto:investor@bigshareonline.com)  
Contact person: Mr. Ashok Shetty  
SEBI Registration No.: INR000001385

### BID/ISSUE PROGRAMME

**DATE OF OPENING OF THE ISSUE : [●]**

**DATE OF CLOSING OF THE ISSUE (for QIB Bidders): [●]\***

**DATE OF CLOSING OF THE ISSUE (for Non-QIB Bidders): [●]**

\* The Company in consultation with Book Running Lead Manager may decide to close the Bidding/Issue Period for QIBs one working day prior to the Bid/Issue Closing Date in accordance with the SEBI (ICDR) Regulations.

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## SECTION I - GENERAL

### DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates the following terms have the following meanings in this Draft Red Herring Prospectus.

Term	Description
“The Company” or “Company” or “Vishwanath” or “we” or “our” or “us” or “the Issuer” or “VPL”	Vishwanath Projects Limited, a Company constituted under the Companies Act, 1956, having its Registered Office at Flat No.401, 4 <sup>th</sup> Floor, 3-5-874/A, R K Vipanchi Estates, Hyderguda, Hyderabad - 500 029, Andhra Pradesh, India.
“you”, “your”, or “yours”	Prospective Investor in the Issue.

### Conventional/General Terms/Abbreviations

Term	Description
A/c	Account
Act or Companies Act	Companies Act, 1956 and amendments thereto
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
ASBA	Application Supported by Blocked Amount
APCPDCL	Andhra Pradesh Central Power Distribution Company Limited
APEPDCL	Andhra Pradesh Eastern Power Distribution Company Limited
APNPDCL	Andhra Pradesh Northern Power Distribution Company Limited
APSPDCL	Andhra Pradesh Southern Power Distribution Company Limited
APTRANSCO	Andhra Pradesh Transmission Corporation
AY	Assessment Year
BSE	Bombay Stock Exchange Limited
BSPL	Bigshare Services Private Limited
CAGR	Compound Annual Growth Rate
CBDT	Central Board of Direct Taxes
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
Depositories Act	The Depositories Act, 1996, and subsequent amendments thereto
Depository/Depositories	NSDL and CDSL, both being depositories, which are registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996 as amended from time to time.
Depository Participant or DP	A depository participant as defined under the Depositories Act.
DIN	Directors Identification Number
Directors	Directors of the Company from time to time unless otherwise specified.
DP Id	Depository Participants Identity
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
EHV	Extra High Voltage
EMD	Earnest Money Deposit
EPS	Earnings Per Share i.e., profit after tax for a fiscal/period divided by the weighted average number of equity shares/potential equity shares during that fiscal/period.
ESOP	Employees Stock Option Plan

Term	Description
FBT	Fringe Benefit Tax
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations there under and amendments thereto.
FEMA Regulations	FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and amendments thereto.
FIIs	Foreign Institutional Investors (as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India.
Financial Year/ fiscal/ FY	Period of twelve months ended March 31 <sup>st</sup> of that particular year
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000.
GESCOM	Gulbarga Electricity Supply Company Limited
Government/Gol	The Government of India
HUF	Hindu Undivided Family
HV	High Voltage
IA	Internal Audit
ICAI	The Institute of Chartered Accountants of India
ICSI	The Institute of Company Secretaries of India
IPO	Initial Public Offering
Insider Trading Regulations	SEBI (Prohibition of Insider Trading) Regulations, 1992, and subsequent amendments thereto, including instructions and clarifications issued by SEBI from time to time.
I.T. Act	The Income Tax Act, 1961, and subsequent amendments thereto
Indian GAAP	Generally Accepted Accounting Principles in India
KISL/Karvy	Karvy Investor Services Limited
LOI	Letter of Intent
MF/MFs	Mutual Funds.
MoF	Ministry of Finance, Government of India.
MoU	Memorandum of Understanding.
MPMKVVCL	Madhya Pradesh Madhya Kshetra Vidyut Vitran Company Limited
MSEDCL	Maharashtra State Electricity Distribution Company Limited
MV	Medium Voltage
N.A	Not Applicable
NAV	Net Asset Value
NEFT	National Electronic Fund Transfer
NPCL	National Projects Constructions Corporation Limited
Non Resident / NR	A Person resident outside India, as defined under FEMA
NRI/Non-Resident Indian	A Person resident outside India, who is a citizen of India or a Person of Indian Origin, and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NRE Account	Non-resident External Account established in accordance with the FEMA
NRO Account	Non-Resident Ordinary Account established in accordance with the FEMA
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB/ Overseas Corporate Body	OCB means and includes an entity defined in clause (xi) of Regulation 2 of the Foreign Exchange Management [Withdrawal of General Permission to Overseas Corporate Bodies (OCB's)

Term	Description
	Regulations 2003 and which was in existence on the date of the commencement of these Regulations and immediately prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under the Regulations. OCBs are not allowed to invest in this Issue.
pa	Per Annum
PAN	Permanent Account Number allotted under the I.T. Act
PAT	Profit After Tax
P/E Ratio	Price/Earnings Ratio
PERT	Program Evaluation and Review Technique
PLR	Prime Lending Rate
QIB	Qualified Institutional Buyer
Reserve Bank of India Act/ RBI Act	The Reserve Bank of India Act, 1934, and subsequent amendments thereto.
RGGVY	The Rajiv Gandhi Gramin Vidyutikaran Yojana
RTGS	Real Time Gross Settlement
RONW	Return on Net-worth
Rs./INR/₹	Indian Rupees
SCRA	Securities Contracts (Regulation) Act, 1956, and subsequent amendments thereto.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SEBI Act	Securities and Exchange Board of India Act, 1992, and subsequent amendments thereto.
SEBI (ICDR) Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended.
SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, and subsequent amendments thereto.
T&P	Technology and Policy
w.e.f.	With effect from

#### Issue Related Terms

Term	Description
Allotment/Allot	Unless, the context otherwise requires, the allotment of Equity Shares to successful bidders pursuant to the Issue.
Allottee	The successful Bidder to whom the Equity Shares are allotted.
Application Supported by Blocked Amount (ASBA)	An application, whether physical or electronic, used by all Bidders to make a Bid authorising a SCSB to block the Bid Amount in their specified bank account maintained with the SCSB.
ASBA Account	Account maintained with a SCSB which will be blocked by such SCSB to the extent of the appropriate Bid Amount in relation to a Bid by an ASBA Bidder.
ASBA Bidder	Prospective investors in this Issue who intend to Bid/apply through the ASBA Process.
ASBA Bid cum Application Form	The form, whether physical or electronic, used by an ASBA Bidder to submit a Bid through a Self Certified Syndicate Bank which contains an authorization to block the Bid Amount in an ASBA Account and would be considered as an application for Allotment to ASBA Bidders in terms of the Red Herring Prospectus and the Prospectus.
ASBA Revision Form	The revision form used by the ASBA Bidders to modify the quantity

Term	Description
	of Equity Shares or the Bid Amount in any of their ASBA Bid cum Application Forms or any previous Revision Form(s).
Banker(s) to the Issue / Escrow Collection Banks	The Banker(s) with whom the Escrow Account(s) for the Issue shall be opened.
Basis of Allotment	The basis on which Equity Shares will be Allotted to Bidders under the Issue and which is described in "Issue Procedure - Basis of Allotment" on page 234 of this Draft Red Herring Prospectus.
Bid	An indication to make an offer made during the Bidding Period by a prospective investor to subscribe to the Equity Shares of the Company at a price within the Price Band, including all revisions and modifications thereto.
Bid Price / Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue and in the case of ASBA Bidders, the amount mentioned in the ASBA Bid-Cum-Application Form.
Bid Closing Date /Issue Closing Date	The date after which the members of the Syndicate and SCSB (in case of ASBA Bidders) will not accept any Bids for the Issue, which shall be notified in an English national newspaper, a Hindi national newspaper and a Telugu newspaper with wide circulation and in case of any revision, the extended Bid/Issue Closing Date also to be notified on the website and terminals of the Syndicate and SCSBs. The Company may in consultation with BRLM decide to close the Bidding Period for QIBs one day prior to the Bid/Issue Closing Date.
Bidding Centre	A centre for acceptance of the Bid-cum-Application Form.
Bid Opening Date/Issue Opening Date	The date on which the members of the Syndicate and SCSB (in case of ASBA Bidders) shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper, a Hindi national newspaper and a Telugu newspaper with wide circulation.
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to purchase Equity Shares of the Company pursuant to the terms of the Red Herring Prospectus and the Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form or the ASBA Bid-cum Application Form( in case of ASBA Bidders).
Bidding Period / Issue Period	The period between the Bid Opening Date/Issue Opening Date and the Bid Closing Date/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids, includes any revisions thereof.
Book Building Process/Method	Book building route as provided under Schedule XI of the SEBI (ICDR) Regulations, in terms of which the Issue is being made.
BRLM / Book Running Lead Manager	Book Running Lead Manager to the Issue, being Karvy Investor Services Limited.
CAN / Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process.
Cap Price	The higher end of the Price Band including revision thereof, above which the Issue Price will not be finalised and above which no Bids will be accepted.
Controlling Branches of the SCSBs	Such branches of the SCSB which coordinates with the BRLM, the Registrar to the Issue and the Stock Exchanges and a list of which is available at <a href="http://www.sebi.gov.in/pmd/scsb.html">http://www.sebi.gov.in/pmd/scsb.html</a> .

Term	Description
Cut-off Price	Any price within the Price Band finalised by the Company in consultation with the BRLM. A Bid submitted by Retail Individual Bidder at Cut-off Price is a valid Bid at all price levels within the Price Band. It is mandatory for ASBA Bidders to bid at cut-off price. QIBs and Non-Institutional Bidders are not entitled to Bid at the cut-off price.
Designated Date	The date on which the Escrow Collection Banks transfer and the SCSBs issue instructions for transfer of funds from the Escrow Accounts and the ASBA Accounts, respectively, to the Public Issue Account after the Prospectus is filed with RoC.
Designated Stock Exchange	[●]
DP ID	Depository Participants Identity.
Draft Red Herring Prospectus or DRHP	This Draft Red Herring Prospectus filed with SEBI and issued in accordance with the SEBI (ICDR) Regulations.
Equity Shares	Equity Shares of the Company of ₹ 10/- each unless otherwise specified in the context thereof
Escrow Account	Account opened with an Escrow Collection Bank and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount and from which refunds (if any) shall be made of the amount collected from the Bidders
Escrow Agreement	Agreement to be entered into among the Company, the Registrar to this Issue, the Escrow Collection Banks, the BRLM and the Refund Banker in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected to the Bidders (excluding the ASBA Bidders).
Escrow Collection Bank (s)	The banks, which are clearing members and registered with SEBI as Bankers to the Issue, at which the Escrow Account will be opened.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form or ASBA Bid-cum-Application Form or ASBA Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted.
Issue	Public Issue of [●] Equity Shares of ₹10/- each at a price of [●] each for cash, aggregating ₹3200 lakhs.
Issue Price/Offer Price	The final price at which Equity Shares will be issued and allotted in terms of the Prospectus. The Issue Price will be decided by the Company in consultation with the BRLM, on the Pricing Date.
Issue Agreement	The agreement entered into on March 29, 2011 between the Company and the BRLM pursuant to which certain arrangements are agreed in relation to the Issue.
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Mutual Funds Portion	5% of the QIB Portion or [●] Equity Shares available for allocation to Mutual Funds, out of the QIB Portion.
Non-Institutional Bidders	All Bidders that are not eligible QIBs for this Issue, including affiliates of BRLM and Syndicate Members, or Retail Individual Bidders and who have bid for an amount more than ₹ 2,00,000/-
Non-Institutional Portion	The portion of the Issue being a minimum of [●] Equity Shares of ₹10/- each available for allocation to Non-Institutional Bidders
Price Band	Price band of a minimum price (Floor Price) of ₹ [●] and the maximum price (Cap Price) of ₹ [●] and includes revisions thereof. The Price Band and the minimum Bid lot size for the Issue will be decided by the Company in consultation with the BRLM and

Term	Description
	advertised at least two working days prior to the Bid/ Issue Opening Date, in an English daily national newspaper, a Hindi daily national newspaper and a regional newspaper each, where the Registered Office of the Company is situated, with wide circulation with the relevant ratios calculated at the floor price and cap price.
Pricing Date	The date on which the Company in consultation with the BRLM will finalise the Issue Price
Prospectus	The Prospectus, filed with the RoC containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information and including any addendum or corrigendum thereof.
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account(s) and the ASBA accounts on the designated date.
Qualified Institutional Buyers / QIBs	(i) a mutual fund, venture capital fund and foreign venture capital investor registered with the Board; (ii) a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board; (iii) a public financial institution as defined in section 4A of the Companies Act, 1956; (iv) a scheduled commercial bank; (v) a multilateral and bilateral development financial institution; (vi) a state industrial development corporation; (vii) an insurance company registered with the Insurance Regulatory and Development Authority; (viii) a provident fund with minimum corpus of ₹2500 lakhs; (ix) a pension fund with minimum corpus of ₹2500 lakhs; (x) National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; (xi) insurance funds set up and managed by army, navy or air force of the Union of India; (xii) insurance funds set up and managed by the Department of Post, India.
QIB Portion	The portion of the Issue being upto [●] Equity Shares to be Allotted to QIBs on a proportionate basis.
Refund Banker	[●]
Refund Account	Account opened with the Refund Banker, from which refunds of the whole or part of the Bid Amount, if any, shall be made
Registrar /Registrars to the Issue/BSPL	Registrar to the Issue, in this case being Bigshare Services Private Limited
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have made their Bid for Equity Shares for a cumulative amount of not more than ₹ 2,00,000.
Retail Portion	The portion of the Issue to the public and being a minimum of [●] Equity Shares of ₹ 10/- each available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s), as applicable.
Red Herring Prospectus or RHP	Means the document issued in accordance with Section 60B of the Companies Act, 1956, which does not have complete particulars

Term	Description
	on the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus which will be filed with the RoC at least three days before the Bid Opening Date and will become a Prospectus after filing with the RoC and pursuant to pricing and allocation.
Self Certified Syndicate Banker (SCSB)	A banker to the Issue registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994, as amended, which offers the facility of ASBA and a list of which is available on <a href="http://www.sebi.gov.in/pmd/scsb.html">http://www.sebi.gov.in/pmd/scsb.html</a> .
Stock Exchanges	Bombay Stock Exchange Limited & The National Stock Exchange of India Limited
Syndicate	BRLM, and the Syndicate Members collectively
Syndicate Agreement	The agreement to be entered into amongst the Company, and the members of the Syndicate, in relation to the collection of Bids in (excluding Bids from the ASBA Bidders) in this issue.
Syndicate Members	Intermediaries registered with SEBI and eligible to act as underwriters. Syndicate Members are appointed by the BRLM
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Members to the Bidder as proof of registration of the Bid.
Underwriters	The BRLM and the Syndicate Members
Underwriting Agreement	The Agreement amongst the BRLM, the Syndicate Members and the Company to be entered into on or after the Pricing Date
Venture Capital Funds/VCF	Venture Capital Funds as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as amended from time to time
Working day	All days other than a Sunday or a public holiday (except in reference to announcement of price band and bidding period, where a working day means all days other than a Saturday, Sunday or a public holiday) on which commercial banks in Mumbai are open for business.

#### Company Related Terms

Term	Description
Articles / Articles of Association / AoA	Articles of Association of the Company, as amended from time to time
Auditors	The statutory auditors of the Company, namely M/s. SPAD & Associates, Chartered Accountants.
Board of Directors/Board	The Board of Directors of Vishwanath Projects Limited
Equity Shares	Equity Shares of the Company of ₹10/- each unless otherwise specified in the context thereof
Equity Shareholders	Persons holding Equity Shares of the Company unless otherwise specified in the context thereof
Face Value	Value of paid up equity capital per Equity Share, in this case being ₹ 10/- each
Memorandum/Memorandum of Association	Memorandum of Association of the Company, unless the context otherwise specified.
Promoters	Mr. Komaravelli Shiva Kumar and Mr. Darapuneni Murali
Promoter Group	Mrs. Komaravelli Swathi, Mrs. Darapuneni Sailaja and Mr. Komaravelli Vishwanath.
Registered Office	The Registered Office of the Company being Flat No.401, 3-5-874/A, R K Vipanchi Estates, Hyderabad, Hyderabad - 500 029,

	Andhra Pradesh, India.
ROC	Registrar of Companies, Andhra Pradesh, situated at Sultan Bazar, 2 <sup>nd</sup> Floor, CPWD Building, Kendriya Sadan, Sultan Bazar, Koti, Hyderabad - 500 195.

#### Technical and Industry related terms

APDP	Accelerated Power Development Programme
APDRP	Accelerated Power Development & Reforms Programme
AT & C	Aggregate Technical and Commercial
BOQ	Bill of Quantities
CCEA	The Cabinet Committee on Economic Affairs
CERC	The Central Electricity Regulatory Authority
CEA	Central Electricity Authority
Ckm	Circuit Kilo Meter
DMS	Distribution Management System
EPC	Engineering, Procurement and Commissioning
EHV	Electrical High Voltage
GIS	Geographic Information System
GDP	Gross Domestic Product
HVDC	High Voltage Direct Current
IMaCS	ICRA Management Consulting Services Limited
IPP	Independent Power Producers
JV	Joint Venture
kWh	Kilo Watts
LVDC	Low Voltage Direct Current
MPP	Merchant Power Plants
MW	Megawatts
MVA	Mega Volt Ampere
PPP	Public Private Partnership
PGCIL	Power Grid Corporation of India Limited
R-APDRP	Restructure Accelerated Power Development and Reform Program
REC	Rural Electrification Corporation
RES	Renewable Energy Sources
RGGVY	Rajiv Gandhi Gramin Vidyutikaran Yojana
SEADA	Supervisory Control and Data Acquisition
SEBs	State Electricity Boards
SERC	State Electricity Regulatory Commissions
STU	State Transmission Utilities
T&D	Transmission and Distribution
TSP	Turnkey Service Provider
UHV	Ultra High Voltage

*Notwithstanding the foregoing, terms in "Main Provisions of Articles of Association of the Company", "Statement of Tax Benefits", "Regulations and Policies" and "Financial Statements" on pages 241, 65, 100 and 132 respectively, shall have the meanings given to such terms in these respective sections.*

## **B. PRESENTATION OF FINANCIAL, INDUSTRY AND USE OF MARKET DATA**

All references to “Rupees” or “₹” are to Indian Rupees, the official currency of the Republic of India. All numbers in this document have been prescribed in lakhs or in whole numbers where the numbers have been too small to present in lakhs. In this DRHP, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

Unless stated otherwise, the financial data in this Draft Red Herring Prospectus is derived from the restated financial statements prepared in accordance with Indian GAAP and the SEBI (ICDR) Regulations, which are included in this Draft Red Herring Prospectus. The Company fiscal year commences on April 1<sup>st</sup> and ends on March 31<sup>st</sup> of the next year. All references to a particular fiscal year are to the twelve months period ended on March 31<sup>st</sup> of that year.

The financial information prepared in accordance with Indian GAAP and restated in accordance with the ICDR Regulations included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices, Indian GAAP, the Companies Act and ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the ICDR Regulations on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

Any percentage amounts, as set forth in “Risk Factors”, “Business”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this Draft Red Herring Prospectus, unless otherwise indicated, have been calculated on the basis of the restated financial statements prepared in accordance with Indian GAAP.

## **C. FORWARD-LOOKING STATEMENTS**

All statements contained in this Draft Red Herring Prospectus that are not statements of historical fact constitute “forward-looking statements.” All statements regarding the expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to the business strategy, the revenue and profitability, planned projects and other matters discussed in this Draft Red Herring Prospectus regarding matters that are not historical facts.

These forward-looking statements and any other projections contained in this Draft Red Herring Prospectus (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. Investors can generally identify forward-looking statements by terminology such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the expectations include, among others:

- Any change in government policies resulting in a decrease in the expenditure on infrastructure projects, the restructuring of existing projects or delays in payment to the Company;
- If the Company experiences insufficient cash flows or are unable to obtain the necessary funds to make required payments on the debt or fund working capital requirements;

- If the Company is unable to pass on unanticipated increases in sub-contracting costs or in the price of materials consumed, labour or other project-related inputs;
- If the Company is unable to get an adequate and timely supply of key materials such as steel, cement and aggregates;
- If the Company is unable to attract, recruit and retain skilled personnel;
- If the actual expenses in executing projects undertaken by the developer business vary substantially from the assumptions underlying the Company's bid and it is not able to recover all or some of the additional expenses;
- If the Company is unable to obtain, renew or maintain the statutory and regulatory permits and approvals required to operate the business.

For further discussion of factors that could cause the actual results to differ, see "Risk Factors" beginning on page 12 of the Draft Red Herring Prospectus.

By their nature, certain risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither, the Company nor the members of the Syndicate nor their respective affiliates do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, we and the BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

## SECTION - II. RISK FACTORS

*An investment in the Company's Equity Shares involves a high degree of risk. You should carefully consider the risks described below as well as other information in this Draft Red Herring Prospectus before making an investment in the Company's Equity Shares. The risks described in this section are those that the Company considers to be the most significant to the offering of its Equity Shares. If any of the following events occur, its business, financial condition, results of operations and prospects could materially suffer, the trading price of the Company's Equity Shares could decline, and you may lose all or part of your investment. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks mentioned herein.*

### **Materiality**

The Risk factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality.

1. Some events may not be material individually but may be found to be material when taken collectively.
2. Some events may have material impact qualitatively instead of quantitatively.
3. Some events may not be material at present but may have material impacts in future.

### **I. INTERNAL RISK FACTORS**

#### *A. Business related risks*

1. *The contracts are awarded following competitive bidding processes and as a result the Company may be required to lower the prices it charges for its services in response to such competition from major players in the industry, which may materially and adversely impact the Company's operating revenue and profitability*

The contracts are awarded following competitive bidding processes and satisfaction of other prescribed pre-qualification criteria. The Company faces intense competition from big players in the Industry. Once the prospective bidders clear the technical requirements of the tender, the contract is usually awarded based on price of the contract quoted by the prospective bidder. The nature of this process may cause the Company and other prospective bidders to lower prices for award of the contract, so as to maintain the respective market share. As a result of this competition the Company faces margin pressure. Consequently, this could have a material negative effect on the Company's financial condition and prospects.

The bidding process involves intricate calculations that form the basis for the cost budget and structures. Price bids for tenders are formulated by the Company only after incorporating the profit into the calculations. This helps the Company buffer itself from the pitfalls of competitive bidding.

2. *The Company faces margin pressure as, significant number of its contracts and projects are awarded by the Government of India and State Governments through competitive bidding processes.*

Most of the contracts and projects are awarded by government entities through competitive bidding processes and satisfaction of other prescribed pre-qualification criteria. Once prospective bidders clear the technical requirements of the tender, the contract is usually awarded to the most competitive financial bidder. The Company faces competition from larger operators who may be able to achieve better economies of scale. As a result, the

Company's financial results and business prospects may be adversely affected. The Company's margins are susceptible to decline, as contracts in the sectors that it operates in are increasingly being awarded by government entities to the lowest bidder, causing the Company to accept lower margins in order to be awarded the contract.

*3. The Company may be jointly and severally liable for the performance of obligations by joint partners.*

In the Company's business, delay or failure on the part of a joint partner to timely perform its obligations could result in delayed payments to the Company, additional liabilities, or termination of a contract. The inability of a joint partner to continue with a project due to financial or legal difficulties could mean that, as a result of the Company's joint and several liabilities, it may be required to make additional investments and/or provide additional services to ensure the performance and delivery of the contracted services. Consequently, the joint and several obligations could have an adverse effect on the Company's financial results and business prospects.

*4. Delays in the completion of current and future projects could have adverse effects on the Company's operating results*

The Company's projects are subject to specific completion schedule requirements. Failure to adhere to contractually agreed timelines by the Company or by its sub-contractors for reasons other than for force majeure events could result in the Company being required to pay liquidated damages or penalty amounts and further would lead to performance guarantees being invoked. Delay in completing projects means that the client(s) may terminate the contracts, its reputation may be damaged and the total cost of the project could exceed the original estimates. Further the Company could experience a reduced profit or a loss on that contract.

*5. If the Company cannot bid in its own right and are unable to find suitable joint venture partners, it may be precluded from bidding for contracts and projects.*

The Company's ability to bid for and win major projects is dependent on its ability to show experience in executing large projects, demonstrate that it has capabilities in executing technically complex projects, and that it has sufficient financial resources and/or ability to access funds. For many large projects, the Company may not always meet the pre-qualification criteria in its own right. Thus, a key factor affecting the Company's financial results is its ability to win contracts which is, in turn, related to its ability to partner, sub contract and collaborate with other, often bigger companies in bids for large projects. The Company faces competition from other bidders in a similar position to the Company looking for suitable joint venture partners with whom to partner in order to meet the pre-qualification requirements. If the Company is unable to partner with or sub contract to other companies or lacks the credentials to be the partner-of-choice for other companies, the Company may lose the opportunity to bid for, and therefore fail to increase or maintain its volume of new orders or new projects.

*6. Contracts awarded to the Company, contain terms that may favour the entity awarding the contract some of which could be adverse to the Company.*

Since there is intense competition for procuring and executing contracts by contractors/sub-contractors, it is generally a buyer's market and the party awarding the contract is usually in a position of strength. The Company has only a limited ability to negotiate the terms of these contracts which may at times tend to favour the party awarding the contract.

*7. The Company depends on various contractors and their sub-contractors to execute its projects. Any delay in meeting project milestones by the contractors / sub-*

*contractors may increase the Company's financing cost, causing its forecasted budget to exceed and may lead to delayed payments in addition to reputation risks.*

The Company depends on the availability and skills of third party contractors and their sub-contractors for execution of its projects. The Company does not have direct control over the timing or quality of services, equipment or supplies provided by these contractors. There is no assurance that such contractors will continue to be available at reasonable rates in the areas in which the Company conducts its operations. It may also be exposed to risks relating to the quality of their services, equipment and supplies. The contractors and sub-contractors may not be able to obtain adequate working capital or other financing on favourable terms as and when required for execution of the projects. Any delays in meeting project milestones by the contractors could increase the Company's financing costs and cause its forecasted budget to exceed, which may in turn result in invocation of clauses relating to payment of liquidated damages or penalties.

**8. The contracts are dependent on adequate and timely supply of key raw materials. If the Company is unable to procure the requisite quantities of raw materials in time and at commercially acceptable prices, the performance of the Company's business and results of operations may be adversely affected.**

Timely and cost effective execution of the projects is dependent on the adequate and timely supply of key raw materials, which includes cement, steel, electrodes and other materials. The Company has not entered into any long-term supply contracts with the suppliers. Additionally, the Company typically uses third-party transportation providers for the supply of most of the raw materials. Further, transportation costs have been steadily increasing, and the prices of raw materials themselves can fluctuate. If the Company is unable to procure the requisite quantities of raw materials in time and at commercially acceptable prices, the performance of its business and results of operations may be adversely affected.

**9. Given the short-term nature of the projects which the Company undertakes, it faces various kinds of implementation risks.**

The agreements relating to most of the projects, which the Company undertakes are short-term in nature. Short term duration projects are projects with less than a year. The short term agreements have inherent risks associated with them that may not necessarily be within the Company's control and accordingly exposure to a variety of implementation and other risks, including material shortages, unanticipated cost increases, cost overruns, etc.

**10. The business of the Company is subject to seasonal and other fluctuations that may affect its cash flows and business operations.**

The business and operations of the Company are affected by seasonal factors, which may require the suspension of operations or delays in the delivery of materials or Right of Way problems. In particular, the monsoon season in the second quarter of each Fiscal Year may restrict the Company's ability to carry on activities related to its projects and fully utilize its resources. This may result in delays to the contract schedules and reduce the Company's productivity. During periods of curtailed activity due to adverse weather conditions, the Company may continue to incur operating expenses. Such fluctuations may adversely affect the cash flows and business operations of the Company.

**11. Company's business has high working capital requirements. If it experiences insufficient cash flows to meet required payments of its working capital requirements, there may be an adverse effect on the results of operations of the Company.**

The Company's business requires a substantial amount of working capital to finance for the purchase of materials, execution of works on projects before billing is received from clients. In certain cases, the client is contractually obligated to its contractors to fund working capital on the projects by way of Mobilization Advance. The Company's working capital

requirements may increase if, in certain contracts, payment terms do not provide for mobilization advance or if the payment terms and conditions are less favourable to it. The Company may need to arrange additional funds in such cases to fulfil its working capital needs. Non availability of such working capital or higher costs on such additional funds may have an adverse effect on the Company's profitability condition and the results of operations.

*12. Most of the contracts awarded to the Company contains a condition of performance guarantee. In case of failure in providing quality service, the Company may have to bear the liability of paying the guarantee amount to its client.*

The Company is bound by the clause relating to performance guarantee in most of the contracts. A guarantee amount is decided in accordance to the total value of the contract and such guarantee amount is also valid for a specific period of time. In case of failure in providing adequate and quality service or in a situation of any default during the pendency of the period of guarantee, the Company may have to bear the liability of paying the guarantee amount to its client.

*13. Most of the contracts awarded to the Company contains the clause wherein the final instalment of payment would be made only at the end of the guarantee/warranty period*

In most of the contracts awarded to the Company the final payment by the owner in pursuance of the contract shall mean the release of the contractor from all his liabilities under the contract. However, such final payment would be made only at the end of the guarantee/ warranty period, and till such time the contractual liabilities and responsibilities of the contractor, shall prevail.

The Company has to ensure that the work done by the Company successfully prevails through the period of performance guarantee/warranty period without any default failing which the Company may not be entitled to the final payment in accordance to the contract. Though the total liability of the contractor to the employer under most of the contracts would not exceed the contract price, if triggered, this will definitely have a huge impact in the revenue of the Company.

*14. The Company may not have sufficient insurance coverage to cover all possible economic losses. The occurrence of an event for which the Company is not adequately or sufficiently insured could have an adverse effect on the Company's business, results of operations, financial condition and cash flows.*

Operations in the business carry inherent risks of personal injury and loss of life, damage to or destruction of property, plant and equipment and damage to the environment, and are subject to risks such as fire, theft, flood, earthquakes and terrorism. The Company maintains insurance coverage, in amounts which it believes are commercially appropriate. However, such insurance may not be adequate to cover all losses or liabilities that may arise from operations of the Company, including when the loss suffered is not easily quantifiable and in the event of severe damage to its reputation. Even if the Company has made a claim under an existing insurance policy, it may not be able to successfully assert the claim for any liability or loss under such insurance policy. Additionally, there may be various other risks and losses for which it has not insured either because such risks are uninsurable on commercially acceptable terms.

In addition, in the future, the Company may not be able to maintain insurance of the types or at levels which it deems necessary or adequate or at rates which it considers reasonable. The occurrence of an event for which it is not adequately or sufficiently insured or the successful assertion of one or more large claims against the Company that exceed available insurance coverage, or changes in its insurance policies (including premium increases or the imposition

of large deductible or co-insurance requirements), could have an adverse effect on its business, reputation, results of operations, financial condition and cash flows.

*15. The Company is subject to restrictive covenants in debt facilities provided to it by its lenders*

There are restrictive covenants in agreements the Company have entered into with bank for borrowings. Further, it may have restrictive covenants in the loans/ facilities which it may avail in future. These restrictive covenants may require it to obtain the bank's consent to effect any changes in Company's capital structure, enter into any scheme of amalgamation/ reconstruction, implement any scheme of expansion or diversification or capital expenditure, effect any change in the constitution of the Company, enter into borrowing or non-borrowing arrangements either secured or unsecured with any other bank, financial institution etc., sell or dispose off or create security or encumbrances on the assets charged to bank, repay unsecured loans / deposits (if any) during the currency of bank finance, to declare dividend or pay dividend from profits which are not for current year, to invest by way of share capital or lend or advance funds or place deposit with or undertake guarantee obligation on behalf of any other concern

*16. The Company's assets have been charged in favour of lenders*

The Company has availed of financial assistance and credit facilities from various banks and financial institutions. As security for such financial assistance and credit facilities, the lenders have created a charge on the Company's assets. In this regard, the Company's Promoter directors and others have furnished personal guarantees in favour of the lenders.

The Company has entered into financing arrangement with ICICI Bank Limited, Hyderabad wherein the Company has created a charge on the Registered Office which is situated at Flat No. 401, 4<sup>th</sup> Floor, 3-5-874/A, R.K. Vipanchi Estates, Hyderguda, Hyderabad - 29 for availing the loan. Any default in repayment of the loans or breach of the terms and conditions of the financing arrangements, would entitle the bank to enter the premises of the Company to seize, recover, collect, withdraw, receive the assets or any income, profits and benefits relating to the Company. Further the bank is entitled to sell by public auction or by private contract, dispatch for realization or dispose of or deal with all or any part of the assets of the Company to realize the loan amount along with the interest

In the event of failure to repay the loans or adhere to the terms and conditions of the loan agreements, the lenders inter alia, have the right to dispose off the assets charged. Consequently, in the event the Company is in breach of the loan agreements, the ensuing rights available to the lenders may adversely affect the business and operations of the Company.

*17. The Company has availed unsecured loans from Promoter Directors which may be recalled at any time and this may affect the financial condition and results of operations of the Company.*

The Company has availed unsecured loans to the tune of ₹98.75 lakhs as on October 31, 2010, which may be recalled at any time. For further details please refer Annexure VIII of section titled "Financial Information" on page 154 of this Draft Red Herring Prospectus. In the event the aforementioned loans are recalled by the Promoter Directors, the Company's financial condition and profitability could be adversely affected.

*18. Increase in interest rates for loans availed by the Company from banks may adversely impact results of operations.*

The loans availed by the Company are subject to payment of interest. The Company is exposed to the risk of increase in interest rates by the banks for repayment of the loans

availed by it. Any increase in expenses to be incurred by the Company while paying interest on the loans availed may have a material adverse effect on its business prospects, financial condition and result of operations.

*19. The Company's ability to pay dividends in the future will depend upon its future earnings and restrictive covenants in its financing arrangements.*

The Company's future ability to pay dividends will depend on its earnings, financial condition and capital requirements. The Company cannot assure that it will pay dividends to its shareholders. The Company may be unable to pay dividends in the near or medium term, and its future dividend policy will depend on its capital requirements and financing arrangements for projects, financial condition and results of the existing projects.

*20. The Company has entered into and may continue to enter into related party transactions.*

The Company has availed unsecured loans from Promoter Directors, had certain transactions with other ventures of the Promoters and other transactions with relatives of Promoters as stated under the "related party transactions" in "financial statement" beginning from page 132 of this DRHP. While, the Company believes that all its related party transactions have been conducted on an arm's length basis, it cannot assure you that it could not have achieved more favourable terms had such transactions been entered into with unrelated parties. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on the business, prospects, results of operations and financial condition of the Company.

*21. The operations of the Company are subject to employee, health and safety laws and regulations.*

The Company is subject to laws and regulations governing (a) relationships with employees in areas of overtime, working conditions, hiring and terminating of employees, contract labour and work permits, (b) health and safety legislations. Non-compliance of any of these statutory requirements may lead to imposition of penalties and legal action which may adversely affect the operations and performance of the Company.

*22. The Company's business is subject to extensive government regulations and requires periodic approvals and renewals and changes in these regulations or in their implementation could disrupt the Company's operations and adversely affect its results of operation.*

The Company's business requires certain approvals, licenses, registrations and permissions, some of which may have expired and for which it may have either made or are in the process of making an application for obtaining the approval or its renewal. If the Company fails to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, its business may be adversely affected. Furthermore, the government approvals and licenses are subject to numerous conditions, some of which may be onerous and require making substantial expenditure. If the Company fails to comply, or a regulator claims that it has not complied, with these conditions, the business, financial condition and results of operations could be adversely affected. There can be no assurance that it will be able to apply for any licenses in a timely manner, or at all, or obtain such permits or approvals at such times as may be required, and there can be no assurance that the relevant authorities will issue or transfer any of such permits or approvals in the time frames anticipated by the Company. Further, the Company cannot assure that the licenses issued to it would not be subject to suspension or revocation for non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Any failure to apply for and obtain the required permits or approvals, or any suspension or revocation of any of the licenses and approvals that have been or may be issued to the Company, may result in the interruption of its operations.

*23. The success depends significantly upon the management team. Any inability on the Company part to attract and retain its key managerial personnel may adversely affect the business and results of operations. Further, its existing strength of management team may face limitation in managing growth in the future.*

The Company is highly dependent on its executive promoter directors and key managerial personnel for its business. The business model is reliant on the efforts and initiatives of the senior level management and its key managerial personnel. The ability to successfully function and meet future business challenges depends on its ability to attract and retain them. The future performance of the Company will depend upon the continued services of these persons. In this regard, the Company cannot assure that there will be able to retain their skilled senior management or managerial personnel or continue to attract new talents in the future. Further, the Company existing strength of management team may face limitation in managing growth in the future which may materially and adversely impact its business and results of operations.

*24. The Company has not registered its trademark, name and logo. Its ability to protect the trademark, name and logo may be impaired.*

The Company has not made any application before any Trademark registry to protect its name or logo. If the Company does not protect its name or logo, it will not be able to effectively protect its trademark, name or logo from infringement by third parties. Although an action for initiating the legal proceedings against any third party who uses these trademarks, the Company would have to successfully litigate against any such third party before it can obtain the desired legal relief/s. Any delay or failure to adequately protect the trademarks, any loss of reputation caused due to any third party use of the same, and/or any costs involved in connection with any litigation in this regard could adversely affect the Company's operations. , Further, it may be unable to capitalize on the brand recognition associated with the Company. Accordingly, it may be required to invest significant resources in developing a new brand.

*25. The Company could be adversely affected if it fails to keep pace with technical and technological developments in the industry.*

The Company's recent experience indicates that clients are increasingly developing larger, more technically complex projects using latest technology. To meet its clients' needs, the Company must regularly update existing technology and acquire or develop new technology for its services. In addition, rapid and frequent technology and market demand changes can often render existing technologies and equipment obsolete, requiring substantial new capital expenditures and/or write-downs of assets. The Company's failure to anticipate or to respond adequately to changing technical, market demands and/or client requirements could adversely affect its business and financial results.

*26. The Company has had negative cash flows in the past three years, and for the period ended October 31, 2010*

*The cash flow statement of the Company for the last three years and for the period ended October 31, 2010 as stated in the table below:*

Particulars	Period ended October 31, 2010	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008
Net cash from operating activities	105.46	(555.21)	152.30	295.46
Net cash in investing activities	(15.71)	(22.16)	(8.34)	(25.47)
Net cash used in financing activities	(203.19)	749.59	(60.97)	4.87

There have been negative cash flows from the investing and financing activities of the Company for the period ended October 31, 2010. There has been a negative cash flow from the Operating and Investing activities of the Company for the Financial Year 2009. The negative cash flows are on account of repayment of secured loans, interest paid among others (for financing activities) and acquisition of fixed assets, (for investing activities). For further details, please refer to Annexure - III in section titled, "Financial Statements" on page 137 of this Draft Red Herring Prospectus.

*27. Contingent liabilities which have not been provided for could adversely affect the financial conditions of the Company.*

Contingent liabilities not provided for, as at October 31, 2010 aggregated ₹ 4606.27 lakhs.

Sl. No.	Particulars	Amount (₹ in lakhs)
1.	Bank Guarantees	4477.80
2.	Letter of Credit	128.47
Total		4606.27

If any or all of these contingent liabilities materialize, it could have an adverse effect on the business, financial condition and results of operations of the Company. For further information, see "Financial Information" on page 132 of this Draft Red Herring Prospectus.

#### *B. Risks in relation to IPO*

*28. The Company's intended use of proceeds from the Issue has not been appraised by any bank or financial institution.*

The net proceeds from this Issue are expected to be used as set forth under "Objects of the Issue" on page 55 of this Draft Red Herring Prospectus.

The proposed activities for which the proceeds are being raised have not been appraised by any bank or financial institution and the proceeds requirements are based in part on the management's estimates.

*29. The Company has not entered into any definitive agreement for purchase of equipments and has not placed orders for any of the equipments proposed to be purchased by the Company and as specified in the Objects of the Issue*

The Company has not yet placed orders for any of the equipments nor has it entered into definitive agreements for purchase of equipments. Any delay in placing the orders or

procurement of equipment may delay the execution of orders in hand. Such delays may also lead to increase in prices of these equipments, further affecting its cost, revenue and profitability.

*30. The utilisation of the Issue proceeds will not be monitored by any external, independent or a Monitoring Agency but through the Board of Directors.*

There will be no external, independent or a Monitoring Agency, which would monitor the utilization of the Company Issue proceeds. However, the Board or Audit committee authorized in this behalf will monitor the utilization of the proceeds of the Issue. The Company will disclose the details of the utilisation of the Issue proceeds, including interim use, under a separate head in its financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclose as per the disclosure requirements of its listing agreements with the Stock Exchanges and in particular Clause 49 of the listing agreement.

**31. Delay in raising funds from the IPO could adversely impact the operations, thus impeding its growth plans and profitability.**

The working capital requirements and capital expenditure as enumerated in the section, "Objects of the Issue" on page 55 of this Draft Red Herring Prospectus, are to be funded from the proceeds of the IPO. The Company has not identified any alternate source of funding and hence any failure or delay on its part to mobilize the required resources or any shortfall in the Issue proceeds may adversely affect the operations of the Company.

#### *C. Other Risks*

*32. The promoters of the Company, Mr. Komaravelli Shiva Kumar and Mr. Darapuneni Murali are also the promoters of one of the Group Companies, Sakila Estates Limited , which has objects and business activities similar to that of the Company which may result in conflict of interests due to common pursuits*

The promoters of the Company, Mr. Komaravelli Shiva Kumar and Mr. Darapuneni Murali are also the promoters of one of the Group Companies, Sakila Estates Limited which has objects similar to that of the Company. Considering the current financial position of Sakila Estates Limited it may not be in a position to compete with the Company in bidding and procuring large contracts. However, the Company cannot assure that in future Sakila Estates Limited will not acquire enough financial capabilities to compete with the Company in large contracts.

*33. Other ventures promoted by the Promoters of the Company have incurred losses in the past.*

The following ventures promoted by the Promoters of the Company have incurred losses in the past. The details of profit / (loss) after tax of these ventures for Fiscals 2010, 2009 and 2008 are as under:

<b>Name of the Company</b>	<b>2009-10</b>	<b>2008-09</b>	<b>2007-08</b>
<b>M/s. Sakila Estates Limited</b>	(0.30)	(1.75)	(1.19)
<b>M/s. Vishwanath Stocks Private Limited</b>	(0.03)	(0.05)	(0.07)
<b>M/s. JVS Securities Private Limited</b>	1.74	(1.36)	3.93

*34. The Company could not appoint Company Secretary for some period as required under Section 383A of the Companies Act, 1956, which may invite some financial liability on the Company.*

For the period from 31.03.2010 to 18.01.2011, the Company did not have full-time company secretary as required under Section 383A of the Companies Act, 1956. The Company has appointed a company secretary w.e.f. 19.01.2011 vide Board Resolution dated 01.01.2011. Non-appointment of Company Secretary for the aforesaid period may invite financial liability on the Company as prescribed under the Companies Act, 1956.

*35. The Company is not maintaining any registers under the Payment of Bonus Act, 1965. It could result in imposition of fines and penalties adversely affecting the financial condition of the Company.*

The provisions of Payment of Bonus Act, 1965 is applicable to all establishments / Companies employing twenty or more persons and an employee who has worked for not less than thirty (30) days in such establishment / Company is eligible for receiving bonus. The Company is required to pay a minimum bonus of 8.33% of the monthly salary /wages to its employees within 8 months from the close of each financial year. The maximum bonus payable by the Company is 20% of the monthly salary or wage. The Company is also required to maintain registers and records under the said Act. The Company has failed to maintain registers and records under the said Act, Any imposition of fines and penalties by the authorities would adversely affect the financial condition of the Company.

## **II. External Risk Factors**

*36. The growth of the Company is dependent on the Indian economy.*

The Company's performance and the growth of business are dependent on the performance of the Indian economy. India's economy could be adversely affected by a general rise in interest rates, currency exchange rates, adverse conditions affecting food and agriculture, commodity and electricity prices or various other factors. A slowdown in the Indian economy could adversely affect the business, including the Company's ability to implement its strategy. The Indian economy is currently in a state of transition and it is difficult to predict the impact of certain fundamental economic changes upon the Company's business. Conditions outside India, such as slowdowns in the economic growth of other countries or increases in the price of oil, have an impact on the growth of the Indian economy, and government policy may change in response to such conditions. While recent governments have been keen on encouraging private participation in the industrial sector, any adverse change in policy could result in a slowdown of the Indian economy. Additionally, these policies will need continued support from stable regulatory regimes that stimulate and encourage the investment of private capital into industrial development. Any downturn in the macroeconomic environment in India could adversely affect the Company's business, prospects, financial condition and results of operations.

*37. The Company is subject to various taxes and introduction of any new taxes or increase in the tax rates may adversely affect the profitability of the Company.*

Taxes and other levies imposed by the Government of India and/or the State Governments that may affect the industry include: income tax; central and state sales tax and other levies; value added tax; entry tax; service tax; and other new or special taxes and surcharges introduced on a permanent or temporary basis from time to time may adversely affect the profitability of the Company.

*38. Civil disturbances, regional conflicts and other acts of violence in India and abroad may disrupt or otherwise adversely affect the Company's business and its profitability.*

Certain events that are beyond the Company's control, such acts of violence or war may adversely affect worldwide financial markets, which could adversely affect the business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India's economy. Southern Asia has, from time to time,

experienced instances of civil unrest and political tensions and hostilities among neighbouring countries. Political tensions could create a perception that there is a risk of disruption of services provided by India-based companies, which could have an adverse effect on the Company's business, future financial performance and price of the Equity Shares. Furthermore, if India were to become engaged in armed hostilities, particularly hostilities that are protracted or involve the threat or use of nuclear weapons, the Company's operations might be significantly affected.

*39. Instability in financial markets could materially and adversely affect the Company's results of operations and financial condition.*

The Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States of America, Europe or China, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries.

A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets.

*40. The Company's ability to raise foreign capital may be constrained by Indian law.*

As an Indian Company, the Company is subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit the Company's financing sources and hence could constrain its ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, the Company cannot assure you that the required approvals will be granted to the Company without onerous conditions, if at all. Limitations on raising foreign debt may have an adverse effect on the business growth, financial condition and results of operations. There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control over the Company. Consequently, even if a potential takeover would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to the stakeholders of the Company, it is possible that such a takeover would not be attempted or consummated because of Indian takeover regulations.

*41. Political, economic and social developments in India could adversely affect the Company's business.*

The Company derives all of its revenues from India. The Company's operations and financial results and the market price and liquidity of its equity shares may be affected by changes in Indian Government policy or taxation or social, ethnic, political, economic or other developments in or affecting India. It is possible that future civil unrest as well as other adverse social, economic and political events in India could have an adverse impact on the Company.

*42. Terrorist attacks and other acts of violence or war involving India and other countries could adversely affect the financial markets and the Company's business.*

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets on which the Company's Equity Shares trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately adversely affect the Company's business. India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have a

negative impact on the Company. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on the Company's business and the price of the Equity Shares.

#### **Risks in relation to the Equity Shares**

*43. Any future issuance of Equity Shares may dilute your shareholding and sales of the Company's Equity shares by its Promoter or other major shareholders may adversely affect the price of the Company's Equity Shares.*

The Company may require further infusion of funds to meet its capital needs and future growth plans, which the Company may not be able to procure. Further, the Company may plan a capital restructuring in the Company or Group Companies. Any future equity offerings by the Company or its Promoter or major shareholders to raise capital for future growth or towards capital restructuring may lead to dilution of equity and in turn may affect the price of the Company's Equity Shares.

*44. There is no assurance that the Equity Shares pursuant to the IPO will be listed on the stock exchanges in a timely manner or at all and any trading closures at the stock exchanges may adversely affect the trading price of the Equity Shares.*

In accordance with Indian law and practice, permission for listing of Equity Shares pursuant to the IPO will not be granted until after the Equity Shares have been issued and allotted. Such permission will require that all other relevant documents authorizing the issue of the Equity Shares to be submitted. There could be a failure or a delay in listing the Equity Shares on BSE and NSE. Any failure or delay in obtaining the approval would restrict the Investor's ability to dispose of their Equity Shares.

*45. Volatility of share prices on listing.*

After this Issue, the price of the Company's Equity Shares may be highly volatile or an active trading market for the Company's Equity Shares may not develop. The prices of the Company's Equity Shares on the Stock Exchanges may fluctuate as a result of several factors, including:

- Volatility in the Indian and global securities market;
- Company's results of operations and performance, in terms of market share;
- Performance of the Indian economy;
- Changes in Government policies;
- Changes in the estimates of Company's performance or recommendations by financial analysts;
- Significant developments in India's economic policies; and
- Significant developments in India's fiscal regulations

There has been no public market for the Equity Shares of the Company and the prices of its Equity Shares may fluctuate after this Issue. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue, or that the prices at which the Equity Shares are initially traded will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

*46. There is no existing market for the Equity Shares and the Company does not know if one will develop to provide you with adequate liquidity.*

Prior to the Issue, there has been no public market for the Equity Shares, and an active trading market on the Indian Stock exchanges may not develop or be sustained after the Issue. The Issue Price of the Equity Shares may bear no relationship to the market price of the Equity Shares after the Issue. The market price of the Equity Shares after the Issue may

be subject to significant fluctuations in response to, among other factors, variations in the operating results and volatility in the Indian Stock Exchanges and securities markets elsewhere in the world.

*47. Future issues or sales of the Equity Shares may significantly affect the trading price of the Equity Shares.*

Future issue of Equity Shares /convertible instruments by the Company or the disposal of Equity Shares by any of the major shareholders or the perception that such issues or sales may occur, may significantly affect trading price of the Equity Shares. Other than the lock-in of pre-issue capital as prescribed under SEBI (ICDR) Regulations or the Shareholders' ability to dispose of their Equity Shares, and there can be no assurance that any shareholder will not dispose of, encumber, or pledge, its shares.

*48. Shareholders will not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in the Issue until the Issue receives the appropriate trading approvals.*

The Company's Equity Shares will be listed on the NSE and the BSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors book entry, or demat accounts with depository participants in India are expected to be credited within two days of the date on which the basis of allotment is approved by NSE and the BSE. Thereafter, upon receipt of final approval from the NSE and the BSE, trading in the Equity Shares is expected to commence within seven working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. While the corporate action for crediting the Equity Shares will be done within two days of approving the basis of allotment, we cannot assure you that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above. Any delay in obtaining the approvals would restrict your ability to dispose of your Equity Shares.

*49. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.*

Subsequent to listing, the Company will be subject to a daily circuit breaker imposed on listed companies by all stock exchanges in India which does not allow transactions beyond certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on Company's circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges are not required to inform the Company of the percentage limit of the circuit breaker from time to time, and may change it without the Company's knowledge. This circuit breaker would effectively limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

*50. Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.*

The Indian securities markets are smaller than securities markets in more developed economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities.

The Indian stock exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange

closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges, and other regulatory bodies which, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected.

#### NOTES TO RISK FACTORS

- Public Issue of [●] Equity Shares of ₹ 10/- each for cash at a price of ₹ [●] per Equity Share aggregating ₹ 3200 lakhs. The Issue would constitute [●] % of the post-Issue paid-up Equity Capital of the Company.
- The net worth of the Company before the Issue, as on March 31, 2010 and October 31, 2010 was ₹ 1423.89 lakhs and ₹ 1736.52 lakhs respectively.
- There have been no transactions in the Equity Shares of the Company by the Promoters and Promoter Group during the period of six months proceeding the date on which this Draft Red Herring Prospectus filed with SEBI.
- The book value as on March 31, 2010 and October 31, 2010 is ₹ 19.78 and ₹ 24.12 per Equity Share respectively.
- Except as stated in the section “Financial Information” beginning on page 132 of this Draft Red Herring Prospectus none of the other ventures of Promoters have business interests/other interests in the Company.
- The average cost of acquisition of Equity Shares by the Promoters is as under:-

Name of the Promoter	No. of Equity shares acquired	Average cost of acquisition of per Equity Shares (₹)
Mr. Komaravelli Shiva Kumar	30,72,000	5.00
Mr. Darapuneni Murali	12,60,000	5.00
- Other than as disclosed either in related party transaction or otherwise, the promoter / directors / key management personnel of the Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits arising out of the shareholding/employment in its Company or its subsidiary or any business relation with any of the ventures in which they are interested. For interests of promoters and directors, please refer the chapters “Management” and “Promoters and Promoter Group Companies” beginning on pages 109 and 123 of this Draft Red Herring Prospectus.

- The following table lists the aggregate value of all transactions entered by the Company with the related party entities as per its restated financial Statements for the period ended October 31, 2010, and for the year ended March 31, 2010.

S.No.	Particulars	For the period ended October 31, 2010	For the year ended March 31, 2010
1	Transactions with Key Management Personnel	123.27	159.62
2	Transactions with Relatives of Key Management Personnel	--	0.22
3	Transactions with Enterprise Owned or significantly influenced by Key Management Personnel / Relatives	2,375.60	3,593.13
<b>Total</b>		<b>2,498.87</b>	<b>3,752.97</b>

For further details please refer to the *Annexure XV* to the financial statements relating to related party transactions beginning on page 159 of the Draft Red Herring Prospectus.

- No loans and advances have been made to any persons/companies in which the Directors of the Company are interested.
- Investors may note that in case of over-subscription in the Issue, allotment shall be on a proportionate basis. If the issue is oversubscribed by more than two times, SEBI representative/managing director of the stock exchange will be involved in finalizing the basis of allotment. For more information, please refer to page 234 under the section titled 'Basis of Allotment or Allocation'.
- Trading in Equity Shares of the Company for all investors shall be in dematerialized form only.
- There has been no financing arrangement whereby Promoter Group, Directors of the Company and their relatives have financed the purchase by any other person of securities of the Company other than in the normal course of business of the financing entity during the period of six (6) months immediately preceding the date of filing of the Draft Red Herring Prospectus with SEBI.

Investors may contact the BRLM or the Compliance Officer for any complaints, information or clarifications pertaining to the Issue and they will be obliged to attend to the same. For contact details of the BRLM and the compliance officer please refer to page 37 of this Draft Red Herring Prospectus.

## SECTION III - INTRODUCTION

### A. SUMMARY

#### *INDUSTRY OVERVIEW*

*You should read the following summary together with the Risk Factors on page 12 of this Draft Red Herring Prospectus and the more detailed information about the Company and its financial statements included in this Draft Red Herring Prospectus.*

*All information contained in the enclosed content has been obtained by ICRA Management Consulting Services Limited (IMaCS) from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and IMaCS in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information contained herein must be construed solely as statements of opinion, and IMaCS shall not be liable for any losses incurred by users from any use of this publication or its contents. Unless otherwise indicated, the figures and amounts in US\$ herein below have been reproduced and derived from the relevant industry sources. For the purpose of this section, certain numerical information is presented in "millions" and "billions" units.*

In recent decades, the Government of India has focused on infrastructure development with top priority given to the power sector. Significant reforms have emphasised on developing the competitive environment, restructuring the industry for higher levels of accountability and investments and aligning the electricity market for more efficient outcomes.

According to the CEA, the average per capita electricity consumption in India is about 704 kWh as compared to global average per capita consumption of 2,752 kWh. By 2012, India requires an installed capacity of over 220,000 MW, which translates into opportunities for the associated power transmission and distribution segments. In addition, several decades of deterioration in power distribution infrastructure prior to reforms have created a need for investments in the segment to revamp the system in almost all states

#### **Competitive Environment and Key Players**

The power transmission segment is mainly in the hands of state transmission utilities for intra-state power transmission while inter-state and inter-regional transmission is controlled by Power Grid Corporation of India Limited (PGCIL), which is the biggest driver of new transmission projects in the country and the associated engineering, procurement and construction (EPC) contracting and sub-contracting industries.

In addition to PGCIL, there are some private players such as Tata Power, Torrent Power and Reliance Power, which have recently entered the transmission segment, either as independent operators of small line sections connecting their power plants to the grid or as joint venture partners for development of new lines.

The power distribution segment is mainly controlled by state utilities, although there are private operators who control distribution in Delhi and Orissa and some of the major cities of the country. Tata Power, Reliance Energy, CESC, NOIDA Power, Dishergarh Power and Torrent Power are some of the major private sector operators.

An analysis of capital expenditure incurred by distribution utilities indicates that in 2008-09, capital expenditure of power distribution utilities and SEBs in the Northern region accounted for 45% of the total capital expenditure of all distribution utilities. During the period, 2006-09,

the average annual growth in capital expenditure was about 17%. Some of the states with high capital expenditure in 2008-09 included Chhattisgarh, Maharashtra, Tamil Nadu and Rajasthan.

### Outlook

Electricity demand is a function of consumer demand. However, energy requirement may vary with factors such as seasonal changes, improvement in technology of power generation and consumption, regional distribution of consumer segments, prices, structural changes in the economy and per capita income.

The CEA estimates an energy requirement of 7.52% in the Twelfth Five-Year Plan period and 6.58% in the Thirteenth Five-Year Plan period. Peak load demand is expected to be 7.39% and 6.45%, respectively.

#### Projected Growth Rates (CAGR %)

	2012-17	2017-22
Electrical energy requirement	7.52	6.58
Peak load	7.39	6.45
Energy consumption	8.45	7.04

(Source: IMaCS Research)

For a rupee invested in setting up new power generation capacity, at least an equal investment is required in transmission and distribution. It is estimated that to transmit the increased generation capacity of 78,000 MW, as envisaged in the Eleventh Five-Year Plan period, the matching distribution network requirement is about 1,500,000 ckm of 33 kV, 11 kV and LV lines and 292,000 MVA of distribution transformer capacity. Going by a capacity addition plan of another 100,000-120,000 MW in the Twelfth Plan period, the matching requirement is likely to increase by about 30%. In addition, sub-transmission and distribution network augmentation, re-conductoring and sub-station up gradation works are expected to continue through 2012-17.

(Source: IMaCS Research)

### BUSINESS OVERVIEW

Vishwanath Projects Limited (“VPL”) provides customized turnkey services to the major power utilities in creation of Infrastructure and Augmentation of the existing system. VPL has relevant experience in the power utilities and has created its identity as a diversified player by providing services to various power transmission and distribution companies across the states in India for setting up different categories of Transmission lines, sub-stations, Feeder separation and conversions of low voltage distribution system into high voltage distribution systems.

The Company Quality Management System has been certified to be in compliance with ISO 9001:2008 by TUV SUD South Asia Private Limited.

As a turnkey service provider, the Company offers various services including survey, design, structural orientation, supply of materials, installation, erection, testing and commissioning as per the clients' specifications.

Currently, the Company is executing works in five major states of the country, i.e. Andhra Pradesh; Maharashtra; Madhya Pradesh; Karnataka and Tripura.

The business strategy of the Company is as under:

#### **Leverage the expertise and focus on new territories**

The key managerial team has requisite qualification and vast experience such as planning, procurement, design and the understanding of the power utilities sector. The Company will constantly endeavour to leverage its project management capabilities to increase productivity

and maximize asset utilization. VPL also intends to expand its services to other states in India and overseas in distribution and transmission sectors.

**Form alliances with reputed and large players**

The Company plans to establish, develop and maintain strategic alliances to increase pre-qualification and bid capacity for large projects. It would also continue to form project specific joint ventures with large domestic and international players whose resources, skills and strategies are complementary to its business and would also help to explore newer markets. The Company shall continue to develop and maintain its relationships and alliances.

**Improve performance and enhance returns for the business**

The Company shall continue to focus in enhancing project execution capabilities so as to derive twin benefits of client satisfaction and improvements in operating margins. It will constantly endeavour to leverage its operating skills through latest equipment and project management tools to increase productivity and maximize asset utilization.

*Focus on high value projects to benefit from economies of scale*

The Company intends to focus on undertaking projects having a high order value. Projects having a high order value typically have a smaller percentage of overhead cost as a percentage to total cost and therefore provide a greater potential for good profit margins.

Projects having a high order value are also, in the current market, subject to less competition. The prequalification and financial entry barriers for pursuing such projects result in a limited number of competitors being able to bid for such projects. As the Company's financial condition and pre-qualification capabilities have improved in recent years, the average bidding value has steadily increased. Even though it is still a small company, it aims to enter into Joint Ventures on a need and case to case basis to mitigate its inadequacies and meet the parameters laid down for high value projects. It aims to firmly establish itself as a player in the large order size sector by successfully executing high order value projects so that it can take advantage of these higher barriers to entry, lower levels of competition and higher profit margins.

*Focus on International opportunities*

In pursuing its strategies, the company seeks to identify additional markets where it believes it can provide cost and operational advantages to its clients and distinguish itself from other competitors. The Company believes that there are substantial opportunities in South Asia, South East Asia and African countries. To further exploit the potential for growth in international markets the Company intends to set up offices in various countries. A competitive cost of equipment as well as human resources in India gives it an additional advantage to compete in the International arena.

## B. THE ISSUE

Issue	[●] Equity Shares
of which	
A) QIB portion	Upto [●] Equity Shares constituting 50% of the issue
Of which:	
Available for allocation to Mutual Funds (5% of the QIB Portion)	[●] Equity Shares
Balance for all QIBs including Mutual Funds	[●] Equity Shares
B) Non-Institutional Portion	Not less than [●] Equity Shares constituting 15% of the issue
C) Retail Portion	Not less than [●] Equity Shares constituting 35% of the issue.
<b>Pre and post-Issue Equity Shares</b>	
Equity Shares outstanding prior to the Issue	72,00,000 Equity Shares of ₹10/- each.
Equity Shares outstanding after the Issue	[●] Equity Shares
Use of Proceeds of the Issue	See the section “Objects of the Issue” beginning on page 55 of this Draft Red Herring Prospectus.

### Notes:

*For further details, see “Issue Procedure” on page 205 of this Draft Red Herring Prospectus. Allocation to all categories, if any, shall be made on a proportionate basis subject to valid Bids received at or above the Issue Price. Under subscription, if any, in any category would be allowed to be met with spill over from any other category at the sole discretion of the Company, in consultation with the Book Running Lead Manager.*

## C. SUMMARY FINANCIAL INFORMATION

The following table sets forth selected financial information derived from the financials for financial years ended 31<sup>st</sup> March 2010, 2009, 2008, 2007, 2006 and for the seven months period ended 31<sup>st</sup> October, 2010 which are in line with the audited financial statements. These financials have been prepared in accordance with the requirements of the Companies Act and the SEBI (ICDR) Regulations as amended from time to time, for the purpose of disclosure in this Draft Red Herring Prospectus. The Company's financial statements and the information regarding the basis of preparation are set out in the section titled "Financial Statements" on page 132 of this Draft Red Herring Prospectus. These should be read in conjunction "Management Discussion and Analysis of Financial Condition and Results of Operations on page 162 of the Draft Red Herring Prospectus.

### STATEMENT OF RESTATED ASSETS AND LIABILITIES (₹ in lakhs)

Particulars	As at 31 <sup>st</sup> October 2010	As At 31st March				
		2010	2009	2008	2007	2006
<b>A. Fixed Assets</b>						
Gross Fixed Assets	162.59	156.98	147.99	140.17	116.14	56.97
Less : Accumulated Depreciation	71.71	61.66	57.60	42.84	29.27	17.72
<b>Net Block Fixed Assets</b>	<b>90.88</b>	<b>95.32</b>	<b>90.39</b>	<b>97.33</b>	<b>86.87</b>	<b>39.25</b>
Less : Revaluation Reserves	--	--	--	--	--	--
<b>Net Fixed Assets After Revaluation Reserves</b>	<b>90.88</b>	<b>95.32</b>	<b>90.39</b>	<b>97.33</b>	<b>86.87</b>	<b>39.25</b>
Capital Work in Progress	--	--	--	--	--	--
<b>Total (A)</b>	<b>90.88</b>	<b>95.32</b>	<b>90.39</b>	<b>97.33</b>	<b>86.87</b>	<b>39.25</b>
<b>B. Investments</b>	--	--	--	--	--	--
<b>C. Deferred Tax Asset (Net)</b>	<b>1.56</b>	<b>1.56</b>	<b>1.38</b>	<b>1.16</b>	<b>1.19</b>	<b>--</b>
<b>D. Current Assets, Loans &amp; Advances</b>						
Sundry Debtors	3097.60	3769.10	941.35	1466.83	354.42	30.38
Cash and Bank Balances	577.73	691.17	518.95	435.96	161.10	7.11
Loans and Advances	188.72	130.40	243.59	82.48	181.87	164.79
Inventories	788.62	872.19	1098.64	999.62	148.55	464.93
Other Current Assets	671.24	625.47	604.44	451.15	88.27	39.86
<b>Total (D)</b>	<b>5323.91</b>	<b>6088.33</b>	<b>3406.97</b>	<b>3436.04</b>	<b>934.21</b>	<b>707.07</b>
<b>E. Liabilities &amp; Provisions</b>						
Secured loans	1102.07	1294.49	329.48	245.14	117.94	144.63
Unsecured loans	215.79	114.52	119.56	110.00	172.86	83.02
Current Liabilities & Provisions	2361.97	3352.31	2213.45	2563.75	276.10	161.08
<b>Total (E)</b>	<b>3679.83</b>	<b>4761.32</b>	<b>2662.49</b>	<b>2918.89</b>	<b>566.90</b>	<b>388.73</b>

<b>F. Net Worth ( A + B + C+D - E)</b>	<b>1736.52</b>	<b>1423.89</b>	<b>836.25</b>	<b>615.64</b>	<b>455.37</b>	<b>357.59</b>
Represented by						
Equity Share Capital	720.00	720.00	360.00	360.00	360.00	360.00
Reserve & Surplus	1027.97	705.34	477.94	257.57	97.54	0.00
Revaluation Reserves	--	--	--	--	--	--
<b>Total</b>	<b>1747.97</b>	<b>1425.34</b>	<b>837.94</b>	<b>617.57</b>	<b>457.54</b>	<b>360.00</b>
Less : - Miscellaneous Expenditure not w/off	11.45	1.45	1.69	1.93	2.17	2.41
<b>G. Net Worth</b>	<b>1736.52</b>	<b>1423.89</b>	<b>836.25</b>	<b>615.64</b>	<b>455.37</b>	<b>357.59</b>

STATEMENT OF RESTATED PROFITS AND LOSSES

(₹ in lakhs)

Particulars	As at 31 <sup>st</sup> October 2010	As At 31st March				
		2010	2009	2008	2007	2006
<b>Income</b>						
Income from Operations	4575.26	10170.15	6031.87	3350.69	2477.35	--
Trading Sales	--	--	--	--	232.58	--
Other Income	13.81	64.13	22.25	62.91	13.20	--
<b>Total Income</b>	<b>4589.07</b>	<b>10234.28</b>	<b>6054.12</b>	<b>3413.60</b>	<b>2723.13</b>	--
<b>Expenditure</b>						
Raw Material Consumed	2305.89	6376.40	3595.39	969.05	1613.64	--
Cost of Traded Goods	--	--	--	--	228.91	--
Operating Expenses	1068.08	1705.43	1351.63	1811.74	475.35	--
Payment & Provision for Employees	120.34	155.18	120.67	72.37	38.35	--
Administrative and Other Expenses	435.84	708.95	355.80	182.66	122.46	--
Finance Cost	160.01	249.49	203.74	120.07	54.74	--
Depreciation & Amortisation	10.14	17.23	15.28	15.02	11.71	--
<b>Total Expenditure</b>	<b>4100.30</b>	<b>9212.68</b>	<b>5642.51</b>	<b>3170.91</b>	<b>2545.16</b>	--
<b>Profit for the Period</b>	<b>488.77</b>	<b>1021.60</b>	<b>411.61</b>	<b>242.69</b>	<b>177.97</b>	--
Add / ( Less) : Prior Period Items	--	--	--	--	--	--
<b>Profit Before Tax &amp; Extra Ordinary Items</b>	<b>488.77</b>	<b>1021.60</b>	<b>411.61</b>	<b>242.69</b>	<b>177.97</b>	--
Add / ( Less) : Provision for Tax						
Current Tax incl. FBT	166.13	368.11	140.92	82.63	61.10	--
Deferred Tax Liability / (Assets)	-	(0.19)	(0.21)	0.03	(1.19)	--
<b>Profit After Tax but before Extra Ordinary Items</b>	<b>322.64</b>	<b>653.68</b>	<b>270.90</b>	<b>160.03</b>	<b>118.06</b>	--
<b>Extra Ordinary Items (Net of Taxes)</b>	--	--	--	--	--	--
<b>Profit After Tax &amp; Extra Ordinary Items</b>	<b>322.64</b>	<b>653.68</b>	<b>270.90</b>	<b>160.03</b>	<b>118.06</b>	--
Balance brought forward from previous year	664.85	462.98	252.91	92.88	--	--
<b>Net Profit Available for Appropriation</b>						
Appropriation	0.01	15.73	--	--	--	--
Proposed Dividend on Equity Shares	--	43.20	43.20	--	18.00	--
Tax on Dividend	--	7.34	7.34	--	2.52	--

Transfer to General Reserves	--	25.54	10.29	--	4.66	--
Bonus Shares Issued	--	360.00	--	--	--	--
<b>Balance carried forward to Balance Sheet</b>	<b>987.48</b>	<b>664.85</b>	<b>462.98</b>	<b>252.91</b>	<b>92.88</b>	<b>--</b>

### STATEMENT OF CASH FLOW STATEMENT AS RESTATED

(₹ In Lakhs)

	Particulars	As at 31st October 2010	As At 31st March				
			2010	2009	2008	2007	2006
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
	Net Profit Before Tax and Extra Ordinary items	488.77	1021.60	411.61	242.69	177.97	--
	Adjustment For						
	Add : Depreciation	10.14	17.23	15.28	15.02	11.71	--
	Preliminary Expenses written off	--	0.24	0.24	0.24	0.24	--
	Short provisions of previous years, provided this year	--	(15.73)	--	--	--	--
	Provision for Taxation	(166.13)	(375.45)	(148.26)	(82.63)	(63.62)	--
	Deferred Revenue Expenses written off	--	0.19	0.21	(0.03)	1.19	--
	Interest (net)	112.04	167.18	111.67	59.47	28.26	--
	Operating Profit Before Working Capital Changes	444.82	815.26	390.75	234.76	155.75	--
	Adjustment for working capital changes						
	(Increase) / Decrease in Trade & Other Receivables	671.50	(2827.75)	525.48	(1112.41)	(324.04)	(30.38)
	(Increase) / Decrease in Advance to suppliers/creditors	--	--	--	--	--	--
	(Increase) / Decrease in Other Current Assets	(45.77)	(21.22)	(153.50)	(362.85)	(49.60)	(39.86)
	Increase / (Decrease) in Trade Payables	(990.34)	1138.86	(350.30)	2287.65	115.02	161.08
	(Increase) / Decrease in Loans and Advances	(58.32)	113.19	(161.11)	99.38	(17.08)	(164.79)
	(Increase) / Decrease in Inventories	83.57	226.45	(99.02)	(851.07)	316.38	(464.93)
	Net Cash used / generated for / from Operations	105.46	(555.21)	152.30	295.46	196.43	(538.88)
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>						
	Purchase of Fixed Assets / Capital Work In Progress	(5.71)	(22.16)	(8.34)	(25.47)	(59.33)	(39.25)
	Investments made	--	--	--	--	--	--

	Miscellaneous Expenditure not written off	(10.00)	--	--	--	--	(2.41)
	<b>Net Cash used in Investing Activities</b>	<b>(15.71)</b>	<b>(22.16)</b>	<b>(8.34)</b>	<b>(25.47)</b>	<b>(59.33)</b>	<b>(41.66)</b>
C	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>						
	Proceeds from Long Term Borrowings	--	--	--	--	--	--
	Proceeds from Short Term Borrowings	(192.42)	965.01	84.34	127.20	(26.69)	144.63
	Proceeds from Unsecured Loans	101.27	(5.04)	9.56	(62.86)	89.84	83.02
	Interest Paid	(112.04)	(167.18)	(111.67)	(59.47)	(28.26)	--
	Transfers to Dividend & Reserves	--	(43.20)	(43.20)	--	(18.00)	--
	Proceed from Issue of Equity Shares	--	--	--	--	--	<b>360.00</b>
	<b>Net Cash generated from other sources</b>	<b>(203.19)</b>	<b>749.59</b>	<b>(60.97)</b>	<b>4.87</b>	<b>16.89</b>	<b>587.65</b>
	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(113.44)</b>	<b>172.22</b>	<b>82.99</b>	<b>274.86</b>	<b>153.99</b>	<b>7.11</b>
	Cash & Cash Equivalents - Opening Balance	691.17	518.95	435.96	161.10	7.11	--
	Cash & Cash Equivalents - Closing Balance	577.73	691.17	518.95	435.96	161.10	7.11
	<b>Summary</b>						
A)	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>105.46</b>	<b>(555.21)</b>	<b>152.30</b>	<b>295.46</b>	<b>196.43</b>	<b>(538.88)</b>
B)	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(15.71)</b>	<b>(22.16)</b>	<b>(8.34)</b>	<b>(25.47)</b>	<b>(59.33)</b>	<b>(41.66)</b>
C)	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(203.19)</b>	<b>749.59</b>	<b>(60.97)</b>	<b>4.87</b>	<b>16.89</b>	<b>587.65</b>
	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A)+(B)+(C)+(D)</b>	<b>(113.44)</b>	<b>172.22</b>	<b>82.99</b>	<b>274.86</b>	<b>153.99</b>	<b>7.11</b>

## D. GENERAL INFORMATION

The Company commenced operations as a partnership firm constituted under the Indian Partnership Act, 1932 on 5<sup>th</sup> November 2003 under the name and style of “VISHWANATH ELECTRICALS” with its Place of Business at #3-4-424, Narayananaguda, Hyderabad. The partners of the firm were Mrs.Komaravelli Swathi, Mr.K.Sandeep & Mrs.Darapuneni Sailaja. The partnership firm was reconstituted on 17<sup>th</sup> December 2003 by inducting Mr. Darapuneni Murali as one of partners. The partnership firm was further reconstituted on 10<sup>th</sup> November 2005 by inducting Mr.B.Ajay Kumar, Mrs.K.Sree Rekha and Mr.B.Srikanth with its place of Business at #3-5-874/A, Flat No. 102, RK Vipanchi Estate, Hyderguda, Hyderabad. The firm was registered as a limited company under (Part IX) of the Companies Act on 24<sup>th</sup> February 2006 with the name “VISHWANATH PROJECTS LIMITED” and was allotted company identification number U40105AP2006PLC049272. All of the business and property of the erstwhile partnership firm therefore became vested in the Company and Obtained the Certificate for Commencement of Business on 31<sup>st</sup> March 2006.

### Registered Office

Flat No.401, 4<sup>th</sup> Floor, 3-5-874/A,  
R K Vipanchi Estates,  
Hyderguda,  
Hyderabad - 500 029,  
Andhra Pradesh,  
India.

**Tel:** 91 40 23211660/1

**Fax:** 91 40 23210198

**Website:** [www.vplindia.com](http://www.vplindia.com)

**E-mail:** [ipo@vplindia.com](mailto:ipo@vplindia.com)

**Contact Person:** Mr.K Rajesh Babu, Company Secretary & Compliance Officer.

### Address of the Registrar of Companies

Registrar of Companies, Andhra Pradesh, situated at Sultan Bazar, 2<sup>nd</sup> Floor, CPWD Building, Kendriya Sadan, Sultan Bazar, Koti, Hyderabad - 500 195.

### Board of Directors

The Company is currently managed by the Board of Directors comprising of five (5) Directors.

#### The Board comprises of:

S. No	Name of the Director	Designation	Status
1	Mr. Komaravelli Shiva Kumar	Chairman & Managing Director	Promoter Director
2	Mr. Darapuneni Murali	Executive Director	Promoter Director
3	Mr. Puligilla Hanmantha Rao	Director	Independent Director
4	Prof. Haripuram Venkateshwarulu	Director	Independent Director
5	Mr. Doddapaneni Seetharamaiah	Director	Independent Director

#### **Brief details of Chairman & Managing Director and Executive Director**

**Mr. Komaravelli Shiva Kumar** - **Chairman & Managing Director** - aged 52 years holds a bachelor's degree in commerce and is a Fellow Member of Institute of Chartered Accountants of India. He started his career as Practicing Chartered Accountant in 1986 and in 1995 he became a member of Hyderabad Stock Exchange Limited. He has an overall experience of 24 years in various businesses, including financial markets, real estate, Project management, etc. He is responsible for devising the strategic plan, business development and overall management of VPL.

**Mr. Darapuneni Murali** - **Executive Director** - aged 52 years is a commerce graduate and Associate Member of Institute of Chartered Accountants of India. He started his career as practicing chartered accountant in 1987. Later he became member of Hyderabad Stock Exchange Limited in 1995 and continued business in financial markets upto 1998. He has also worked as SAP functional consultant for three years with M/s. Pegasus Software Inc., New Jersey, USA. He has an overall experience of 25 years in various sectors. He looks after day to day operations of various projects in execution and business development of the Company.

For details of other Directors of the Board, please see the section titled "Management" on page 109 of this Draft Red Herring Prospectus.

#### **Company Secretary and Compliance Officer**

##### **Mr.K Rajesh Babu**

Flat No.401, 4<sup>th</sup> Floor, 3-5-874/A,  
R K Vipanchi Estates,  
Hyderguda,  
Hyderabad - 500 029,  
Andhra Pradesh,  
India.  
Tel: 91 40 23211660/1  
Fax: 91 40 23210198  
Website: [www.vplindia.com](http://www.vplindia.com)  
E-mail: [ipo@vplindia.com](mailto:ipo@vplindia.com)

Investors can contact the Compliance Officer or the Registrar to the issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

#### **Book Running Lead Manager**

##### **Karvy Investor Services Limited**

"Karvy House", 46, Avenue 4,  
Street No. 1, Banjara Hills,  
Hyderabad - 500 034.  
Tel: 91 40 2331 2454 / 2342 8774  
Fax: 91 40 2337 4714  
E-mail: [vplipo@karvy.com](mailto:vplipo@karvy.com)  
Website: [www.karvy.com](http://www.karvy.com)  
Contact Person: Mr. M.P. Naidu  
Investor Grievance email: [igmbd@karvy.com](mailto:igmbd@karvy.com)  
SEBI Registration No. MB/INM000008365

#### **Syndicate Members**

[•]

### **Self Certified Syndicate Banks**

The list of banks who have been notified by SEBI to act as SCSBs are provided at <http://www.sebi.gov.in/pmd/scsb.pdf>.

### **Registrar to the Issue**

#### **Bigshare Services Private Limited**

E-2, Ansa Industrial Estate, Sakivihar Road,  
Saki Naka, Andheri (East), Mumbai - 400 072  
Tel: 91 22 4043 0200  
Fax: 91 22 2847 5207  
Email: [ipo@bigshareonline.com](mailto:ipo@bigshareonline.com)  
Website: [www.bigshareonline.com](http://www.bigshareonline.com)  
Investor grievance email: [investor@bigshareonline.com](mailto:investor@bigshareonline.com)  
Contact person: Mr.Ashok Shetty  
SEBI Registration No.: INR000001385

### **Legal Advisors to the Issue**

#### **ALMT Legal**

Advocates & Solicitors  
No.2 Lavelle Road  
Bangalore - 560001  
Karnataka, India  
Tel : 91 80 4016 0000  
Fax : 91 80 4016 0001  
E-mail:[dmenon@almtlegal.com](mailto:dmenon@almtlegal.com)  
Contact Person: Ms. Dhanya Menon

### **Auditors**

**M/s SPAD & Associates,**  
Chartered Accountants,  
6-3-609/195, Anand Nagar,  
Khairatabad,  
Hyderabad - 500 004  
Tel: 91 40 2339 1772/2339 1773  
Fax: 91 40 2339 1051  
Email: [lprakash\\_ca@yahoo.co.in](mailto:lprakash_ca@yahoo.co.in)  
Contact Person: Mr.L.Prakasham

### **Banker(s) to the Company**

#### **ICICI Bank Limited**

ICICI Bank Towers,  
Plot No.12, Gachibowli,  
Nanakramguda, Serilingampally,  
Hyderabad - 500 032  
Tel: 91 40 6106 4389  
Fax: 91 40 6106 4500  
Email: [sairanjani.gopal@icicibank.com](mailto:sairanjani.gopal@icicibank.com)  
Contact Person: Ms.Sai Ranjani

**State Bank of India**  
5-8-56/57, Station Road  
Nampally Branch  
Hyderabad - 500 001  
Tel: 91 40 2320 0817  
Fax: 91 40 2320 1990  
Email: dvsr@sbi.co.in  
Contact Person: Mr. Ram Prasad

**IPO Grading Agency**

[•]

**Banker (s) to the Issue and Escrow Collection Bank**

[•]

**Credit Rating**

As the Issue is of equity shares, a credit rating is not required.

**IPO Grading**

The Company has appointed [•] for IPO grading. [•] has assigned a “[•]” to the proposed Initial Public Offering of the Company. “[•]” indicates [•]. [•] assigns IPO grades on a scale of Grade 5 to 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. [•] has assigned the grade vide their letter [•].

**Trustees**

As the Issue is of equity shares, the appointment of Trustees is not required.

**Appraisal of the Project**

No bank or financial institution has appraised the proposed objects of the issue. The funds requirement has been estimated by the management of the Company.

**Monitoring Agency**

As the net proceeds of the Issue will be less than ₹ 50,000 lakhs, as per the SEBI (ICDR) Regulations it is not required that a monitoring agency be appointed by the Company.

**Withdrawal of the Issue**

The Company, in consultation with the BRLM, reserves the right not to proceed with the Issue after the Bid/Issue Opening Date but before the Allotment of the Equity Shares, and if so, the reason thereof shall be given as a public notice within two days of the closure of the Issue. The public notice shall be issued in the same newspapers where the pre-issue advertisement had appeared. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day of receipt of such notification. The stock exchanges where the specified securities were proposed to be listed shall also be informed promptly. If the Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh Draft Red Herring Prospectus with the SEBI.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges in relation to Equity Shares being offered as a part of the Fresh Issue, which the Company will apply for after Allotment, and (ii) the final RoC approval of the Prospectus.

#### **Inter-se allocation of Responsibilities**

Karvy Investor Services Limited being the sole Book Running Lead Manager shall be responsible for the following:

1. Capital structuring with the relative components and formalities such as type of instruments.
2. Due diligence of the Company including its operations, management and business plans. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus, prospectus and statutory advertisement including memorandum containing salient features of the Prospectus. (The BRLM shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, the RoC and SEBI including finalization of Prospectus and the RoC filing of the same.)
3. Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, road show presentations, FAQs and corporate films.
4. Appointment of other intermediaries namely, Registrar, printers, advertising agency and Bankers to the Issue.
5. Institutional marketing of the Issue, which will cover, inter alia,
  - a. Finalizing the list and division of investors for one to one meetings and
  - b. Finalizing road show schedule and investor meeting schedules
  - c. Selection of Underwriters
  - d. Holding Conferences and Brokers Meetings
6. Non-Institutional and retail marketing of the Issue, which will cover, inter alia,
  - a. Formulating marketing strategies, preparation of publicity budget;
  - b. Finalizing media and public relations strategy;
  - c. Finalizing centres for holding conferences of stock brokers, investors etc;
  - d. Finalizing collection centres;
  - e. Follow-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material;
  - f. Co-ordination with Stock Exchanges for book building software, bidding terminals and mock trading;
  - g. Selection of Underwriters;
  - h. Holding Conferences and Brokers Meetings;
7. Follow - up with the bankers to the issue and SCSBs to get quick estimates of collection and advising the issuer about closure of the issue, based on the correct figures.
8. The post bidding activities including management of escrow accounts, coordination of non-institutional allocation, intimation of allocation and dispatch of refunds to Bidders etc.
9. The post issue activities will involve essential follow up steps, which include the finalization of listing of instruments, dispatch of certificates and demat delivery of shares, with the various agencies connected with the work such as the Registrar to the

Issue and Bankers to the Issue, SCSBs and the bank handling refund business. The merchant banker shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.

10. Underwriting arrangements involving invoking underwriting obligations in case of under-subscription.

### **Book Building Process**

Book building refers to the process of collection of Bids, on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is fixed after the Bid Closing Date/Issue Closing Date.

The principal parties involved in the Book Building Process are:

- The Company;
- Book Running Lead Manager;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. Syndicate Members are appointed by the BRLM;
- Escrow Collection Bank(s)/ Refund Bank; and
- Registrar to the Issue.
- Self Certified Syndicate Bank

The SEBI (ICDR) Regulations has permitted an issue of securities to the public through the Book Building Process, wherein upto 50% of the Issue shall be allocated on a proportionate basis to QIBs out of which up to 5% shall be available for allocation on a proportionate basis to Mutual Funds and the balance to all QIBs including Mutual Funds. Further, not less than 15% of the Issue shall be available for allotment on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allotment on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

**QIB Bidders are not allowed to withdraw their Bid(s) after the Bid Closing Date/Issue Closing Date and for further details see the section titled “Terms of The Issue” on page 196 of this Draft Red Herring Prospectus.**

Book Building Process under the SEBI (ICDR) Regulations is subject to change and the investors are advised to make their own judgment about investment through this process prior to making a Bid in the Issue.

**Illustration of Book Building and Price Discovery Process** (Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)

Bidders can bid at any price within the price band. For instance, assume a price band of ₹20 to ₹24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book as shown below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (₹)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%

Bid Quantity	Bid Price (₹)	Cumulative Quantity	Subscription
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., ₹ 22 in the above example. The issuer, in consultation with the Book Running Lead Manager, will finalise the issue price at or below such cut off price, i.e., at or below ₹ 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for bidding:

- Check eligibility for bidding, see the section titled “Issue Procedure - Who Can Bid?” beginning on page 205 of this Draft Red Herring Prospectus;
- Ensure that the Bidder has a demat account and the demat details are correctly mentioned in the Bid cum Application Form
- Ensure that the Bid cum Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid cum Application Form.
- Each of the bidders should hold a valid Permanent Account Number allotted under the IT Act and mention his/her Permanent Account number in the application form while bidding for this Issue. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground;
- Ensure that the Bid cum Application Form/ASBA Bid cum Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form/ASBA Bid cum Application Form and submitted to SCSBs;
- Ensure the correctness of your demographic details (as defined in the “Issue Procedure-Bidders Depository Account and Bank Account Details” beginning on page 205) given in the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be, with the details recorded with your Depository Participant.
- Bids by QIBs will only have to be submitted to the BRLM and / or its affiliates or to the Syndicate Member(s), other than Bids by QIBs who Bid through the ASBA process who shall submit the Bids to the Designated Branch of the SCSBs; and
- Bids by ASBA Bidders will have to be submitted to the Designated Branches of the SCSBs. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that the ASBA Bid cum Application Form is not rejected.

#### BID/ ISSUE PROGRAM

BID / ISSUE OPENED ON	<input checked="" type="checkbox"/>
BID / ISSUE CLOSES (EXCEPT FOR QIB BIDDERS) ON	<input checked="" type="checkbox"/>
BID / ISSUE CLOSES (FOR QIB BIDDERS) ON #	<input checked="" type="checkbox"/>

# The Company in consultation with the BRLM may consider closing the QIB Bidding period a day before the Bid closing date for other Bidders.

**Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/ Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded till**

- 4.00 p.m. in case of Bids by QIB Bidders, Non-Institutional Bidders and;
- 5.00 p.m. till such time as permitted by the BSE and the NSE, in case of Bids by Retail Individual Bidders where the Bid Amount is up to ₹200,000.

Due to limitation of time available for uploading the Bids on the Bid/ Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/ Issue Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid/ Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/ Issue Closing Date, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under this Issue. Bidders other than QIB Bidders are cautioned that in the event a large number of Bids are received on the Bid Closing Date, as is typically experienced in public issues, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation in the Issue. If such Bids are not uploaded, the Company, and the Syndicate will not be responsible. Bids will only be accepted on working days i.e. Monday to Friday (excluding any public holiday).

On the Bid Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received from Retail Bidders, after taking into account the total number of Bids received up to the closure of timings for acceptance of Bid cum Application Forms as stated herein and reported by the BRLM to the Stock Exchanges within half an hour of such closure.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical or electronic ASBA Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask the relevant SCSB for rectified data.

Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/Allotment. In the event of a discrepancy of data between the Bids registered on the online IPO system and the physical Bid cum Application Form, the decision of the Book Running Lead Manager and the Designated Stock Exchange, based on the physical records of Bid cum Application Forms shall be final and binding on all concerned.

The Company in consultation with the BRLM reserve the right to revise the Price Band during the Bidding Period in accordance with the SEBI (ICDR) Regulations. The cap should not be more than 20% of the floor of the Price Band. The floor of the Price Band can be revised up or down up to the extent of 20% of the floor of the Price Band as disclosed by way of an advertisement published at least 2 (two) days prior to the Issue Opening Date.

In case of revision in the Price Band, the Bidding Period shall be extended for three additional working days after such revision, subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the websites of the BRLM and the terminals of the other members of the Syndicate.

### **Underwriting Agreement**

After the determination of the Issue Price but prior to filing of the Prospectus with the ROC, the Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and not joint, and are subject to certain conditions as specified in such agreement.

**The Underwriters have indicated their intention to underwrite the following number of Equity Shares:**

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with RoC)

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (₹ lakhs)
[•]	[•]	[•]
<b>TOTAL</b>	<b>[•]</b>	<b>[•]</b>

In the opinion of the Board of Directors (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the Securities and Exchange Board of India Act, 1992 or registered as brokers with one or more of the Stock Exchanges. The above Underwriting Agreement has been accepted by the Board, vide Board Meeting Dated [•] and has issued letters of acceptance to the Underwriters.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. In the event of any default, the respective Underwriter in addition to other obligations to be defined in the Underwriting Agreement will also be required to procure/subscribe to the extent of the defaulted amount. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them, provided, however, it is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that their respective Syndicate Members do not fulfill their underwriting obligations.

## E. CAPITAL STRUCTURE OF THE COMPANY

The share capital structure of the Company as at the date of filing of the Draft Red Herring Prospectus with SEBI is set forth below:

(₹ in lakhs, except share data)

	Particulars	Aggregate Value at nominal value	Aggregate Value at Issue Price
<b>A)</b>	<b>AUTHORISED</b>		
	1,50,00,000 Equity Shares of ₹10/- each	1500.00	
<b>B)</b>	<b>ISSUED, SUBSCRIBED AND PAID UP EQUITY SHARE CAPITAL PRIOR TO THE ISSUE</b>		
	72,00,000 Equity Shares of ₹10/- each	720.00	
<b>C)</b>	<b>PRESENT ISSUE IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS</b>		
	[•] Equity Shares of ₹10/- each at a premium of ₹ [•] each	[•]	[•]
<b>D)</b>	<b>ISSUED, SUBSCRIBED AND PAID UP EQUITY CAPITAL AFTER THE ISSUE</b>		
	[•] Equity Shares of ₹10/- each.	[•]	
<b>E)</b>	<b>SHARE PREMIUM ACCOUNT</b>		
	Before the Issue		Nil
	After the Issue		[•]

### Notes to Capital Structure

#### 1. Changes in the Authorized Share Capital of the Company since Incorporation

The details of increase in the authorized share capital of the Company after the date of incorporation till filing of this Draft Red Herring Prospectus with SEBI are as follows:

Date of Change	Particulars
Incorporation	15,00,000 equity shares of ₹ 10/- each aggregating to ₹ 150 lakhs.
March 28, 2006	From 15,00,000 equity shares of ₹ 10/- each aggregating to ₹ 150 lakhs to 50,00,000 equity shares of ₹10/- each aggregating to ₹ 500 lakhs.
December 20, 2007	From 50,00,000 equity shares of ₹ 10/- each aggregating to ₹ 500 lakhs to 1,00,00,000 equity shares of ₹10/- each aggregating to ₹ 1000 lakhs.
October 25, 2010	From 1,00,00,000 equity shares of ₹ 10/- each aggregating to ₹ 1000 lakhs to 1,50,00,000 equity shares of ₹10/- each aggregating to ₹ 1500 lakhs.

## 2. Share Capital History

Date of allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Cumulative no. of shares	Cumulative value of shares (₹ in lakhs)	Consideration	Reasons for allotment
Incorporation	12,00,000	10	10	12,00,000	120	Conversion of partnership firm into Limited Company	Subscription to Memorandum
March 31, 2006	6,20,000	10	10	18,20,000	182	Cash	Allotted to Promoter
March 31, 2006	17,80,000	10	10	36,00,000	360	Cash	Allotted to promoter group
March 31, 2010	36,00,000	10	--	72,00,000	720	Bonus	Bonus in the ratio of 1:1
<b>Total</b>	<b>72,00,000</b>						

### Shares allotted for consideration other than cash

No shares have been allotted by the Company for consideration other than cash (other than by way of capitalisation of reserves).

### Share allotted as Bonus Issue

Date of Allotment	No. of Equity Shares	Face Value per Equity Share (₹)	Nature of Consideration ( Cash, Bonus, other than Cash)	Reasons for Allotment	Persons to whom Equity shares allotted	Benefits to the Issuer
March 31, 2010	36,00,000	10	Bonus	Bonus Issue in the ratio of 1:1	Existing Shareholders	NA

Shares issued during the last one year from the date of filing of DRHP with the SEBI: Nil

3. The following is the history of the Equity Share Capital held by promoters and promoter group upto the date of this Draft Red Herring Prospectus.

#### Promoters:-

Date of Transfer/Allotment	No of Equity Shares allotted/ transferred	Face Value	Nature of consideration	Reasons for Acquisition	Acquisition Price	Cumulative No. of equity shares	% of pre-issue paid-up capital	% of post-issue paid-up capital
<b>Mr. Komaravelli Shiva Kumar</b>								
March 31, 2006	17,20,000	10	Cash	Preferential Allotment	10	17,20,000	23.89	[•]
February 25, 2008	(2,18,000)	10	Cash (Transfer)	1,00,000 equity shares of Rs.10/- each transferred to Dr. Ravi.  1,00,000 equity shares of Rs.10/-	10	15,02,000	(3.03)	[•]

				each transferred to Mr.L.Rama Krishna and 18,000 equity shares of Rs.10/- each transferred to Mrs. Komaravelli Swathi				
March 31, 2009	34,000	10	Cash	12,000 equity shares of Rs.10/- each Transferred by Mr. Sandeep Kasupa, 12,000 equity shares of Rs.10/- each Transferred by Mrs. Sree Rekha and 10,000 equity shares of Rs.10/- each Transferred by Dr. Ravi.	10	1536000	0.47	[•]
March 31, 2010	15,36,000	10	Bonus	Bonus Issue in the ratio of 1:1	--	30,72,000	21.34	[•]
<b>Total</b>	<b>30,72,000</b>						<b>42.67</b>	
<b>Mr. Darapuneni Murali</b>								
February 24, 2006	2,76,000	10	Cash	Subscription to Memorandum	10	2,76,000	3.83	[•]
March 31, 2006	3,54,000	10	Cash	Preferential Allotment	10	6,30,000	4.92	[•]
March 31, 2010	6,30,000	10	Bonus	Bonus Issue in the ratio of 1:1	--	12,60,000	8.75	[•]
<b>Total</b>	<b>12,60,000</b>						<b>17.50</b>	

#### Promoter Group Shareholding

Date of Transfer/Allotment	No of Equity Shares allotted/ transferred	Face Value	Nature of consideration	Reasons for Acquisition	Acquisition Price	Cumulative No. of equity shares	% of pre-Issue paid-up capital	% of post-Issue paid-up capital
<b>Mrs. Komaravelli Swathi</b>								
February 24, 2006	8,52,000	10	Cash	Subscription to Memorandum	10	8,52,000	11.84	[•]
March 31, 2006	2,30,000	10	Cash	Preferential Allotment	10	10,82,000	3.19	[•]

February 25, 2008	18,000	10	Cash (Transfer)	Transfer from Mr. Komaravelli Shiva Kumar	10	11,00,000	0.25	[•]
March 31, 2010	11,00,000	10	Bonus	Bonus issue in the ratio of 1:1	--	22,00,000	15.28	
<b>Total</b>	<b>22,00,000</b>						<b>30.56</b>	
<b>Mrs. Darapuneni Sailaja</b>								
February 24, 2006	24,000	10	Cash	Subscription to Memorandum	10	24,000	0.33	[•]
March 31, 2006	96,000	10	Cash	Preferential Allotment	10	1,20,000	1.33	[•]
March 31, 2010	1,20,000	10	Bonus	Bonus issue in the ratio of 1:1	--	2,40,000	1.67	[•]
<b>Total</b>	<b>2,40,000</b>						<b>3.33</b>	
<b>Mr.K.Vishwanath</b>								
March 31, 2010	36,000	10	Cash (Transfer)	12,000 equity shares of Rs.10/- each transferred from Mr. Srikanth and 24,000 equity shares of Rs.10/- each from Mr. Ajay Kumar	10	36,000	0.50	[•]
<b>Total</b>	<b>36,000</b>						<b>0.50</b>	

*3. Details of Promoters' contribution and Lock-in:*

The Promoters have given undertaking dated April 6, 2011 consented for [•] Equity Shares held by them, constituting 20% of the post-issue equity share capital of the Company to be considered as Promoter's contribution and locked-in for a period of three years from the date of allotment in the present issue. The details of the Equity Shares, which shall be locked-in for a period of three years from the date of allotment in the present issue are set forth in the table below:-

Name of the Promoter	Date of Allotment	No. of Shares	Consideration	Issue price/ transfer price (₹)	% of Post Issue Paid up Capital	Lock in Period (years) *
Mr. Komaravelli Shiva Kumar	March 31, 2010	[•]	Bonus	--	[•]	3 years
Mr. Darapuneni Murali	March 31, 2010	[•]	Bonus	--	[•]	3 years

\* The Equity Shares constituting Promoters' contribution shall be eligible in terms of the SEBI (ICDR) Regulations. As of the date of this Draft Red Herring Prospectus, the Promoters holds

43,32,000 Equity Shares which constitutes 60.17% of the pre-Issue paid-up equity share capital of the Company.

Pursuant to Regulation 36 of the SEBI (ICDR) Regulations, at least an aggregate of 20% of the post-Issue paid-up equity share capital of the Promoters shall be locked-in for a period of three years from the date of allotment in the present issue. The minimum Promoters' contribution has been brought to the extent of not less than the specified minimum lot and from the persons defined as Promoters under the SEBI (ICDR) Regulations.

The Equity Shares that are being locked-in are not ineligible for computation of minimum Promoter contribution under Regulation 33 of the SEBI (ICDR) Regulations. In this regard, the Company confirms that the Equity Shares being locked-in do not consist of:

- (i) Equity Shares acquired during the preceding three years (a) for consideration other than cash and revaluation of assets or capitalization of intangible assets or (b) arising from bonus issue by utilization of revaluation reserves or unrealized profits of the Company or from a bonus issue against Equity Shares which are otherwise ineligible for computation of Promoter's contribution;
- (ii) Equity Shares acquired by the Promoters during the one year preceding the date of this Draft Red Herring Prospectus, at a price lower than the price at which Equity Shares are being offered to the public in the Issue;
- (iii) Equity Shares issued to the Promoter upon conversion of a partnership firm; and
- (iv) Equity Shares held by the Promoters pledged with any creditor.

The Promoters has pursuant to their undertaking dated April 6, 2011, agreed not to sell or transfer or pledge or otherwise dispose of in any manner, the Equity Shares forming part of the Promoter's contribution from the date of filing of this Draft Red Herring Prospectus until the commencement of lock-in period specified above.

*c) Details of pre-Issue Equity Share capital locked in for one year:*

In addition to the 20% of the post-Issue equity shareholding of the Company held by the Promoters which are locked in for three years as specified above, the entire pre-Issue equity share capital will be locked-in for a period of one year from the date of allotment.

*d) Other requirements in respect of lock-in:*

Pursuant to Regulation 40 of the SEBI (ICDR) Regulations, the Equity Shares held by the Promoters may be transferred to and amongst the Promoter Group or to a new promoter or persons in control of the Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI (SAST) Regulations as applicable.

Further, pursuant to Regulation 40 of the SEBI (ICDR) Regulations, the Equity Shares held by person other than the Promoters prior to the Issue may be transferred to any other person holding Equity Shares which are locked-in along with the Equity Shares proposed to be transferred, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI (SAST) Regulations, as applicable.

Pursuant to Regulation 39 of the SEBI (ICDR) Regulations, the Equity Shares held by the Promoters which are locked-in for a period of three years from the date of allotment in the Issue can be pledged with any scheduled commercial bank or public financial institution as collateral security for loans granted by such banks or institution, provided that the pledge of Equity Shares can be created when the loan has been granted by such bank or financial institution for financing one or more of the objects of the Issue and pledge of Equity Shares is one of the terms of sanction of the loan.

#### 4. Shareholding pattern

The table below presents the shareholding pattern before the proposed Issue and as adjusted for the Issue:

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a % of(A+B)	As a % of (A+B+C)	Number of shares	As a %
(A)	<b>Shareholding of Promoter and Promoter Group</b>							
1	<b>Indian</b>							
(a)	Individuals/ Hindu Undivided Family	5	6808000	--	94.56	94.56	--	--
(b)	Central Government/ State Government(s)	--	--	--	--	--	--	--
(c)	Bodies Corporate	--	--	--	--	--	--	--
(d)	Financial Institutions/ Banks	--	--	--	--	--	--	--
(e)	Any Others(Specify)	--	--	--	--	--	--	--
	<b>Sub Total(A)(1)</b>	<b>5</b>	<b>6808000</b>	<b>--</b>	<b>94.56</b>	<b>94.56</b>	<b>--</b>	<b>--</b>
2	<b>Foreign</b>							
a	Individuals (Non-Residents Individuals/ Foreign Individuals)	--	--	--	--	--	--	--
b	Bodies Corporate	--	--	--	--	--	--	--
c	Institutions	--	--	--	--	--	--	--
d	Others	--	--	--	--	--	--	--
	<b>Sub Total(A)(2)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>5</b>	<b>6808000</b>	<b>--</b>	<b>94.56</b>	<b>94.56</b>	<b>--</b>	<b>--</b>
(B)	<b>Public shareholding</b>							
1	<b>Institutions</b>							
(a)	Mutual Funds/ UTI	--	--	--	--	--	--	--
(b)	Financial Institutions / Banks	--	--	--	--	--	--	--
(c)	Central Government/ State Government(s)	--	--	--	--	--	--	--
(d)	Venture Capital Funds	--	--	--	--	--	--	--
(e)	Insurance Companies	--	--	--	--	--	--	--
(f)	Foreign Institutional Investors	--	--	--	--	--	--	--
(g)	Foreign Venture Capital Investors	--	--	--	--	--	--	--

(h)	Other	--	--	--	--	--	--	--
	<b>Sub-Total (B)(1)</b>	--	--	--	--	--	--	--
<b>B 2</b>	<b>Non-institutions</b>							
(a)	Bodies Corporate	--	--	--	--	--	--	--
(b)	Individuals							
	Individuals -i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	1	12000	--	0.16	0.16	--	--
	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	2	380000	--	5.28	5.28	--	--
(c)	Others							
	Non resident Indians	--	--	--	--	--	--	--
	Clearing Members	--	--	--	--	--	--	--
	<b>Sub-Total (B)(2)</b>	3	392000	--	5.44	5.44	--	--
(B)	<b>Total Public Shareholding (B)(1)+(B)(2)</b>	3	392000		5.44	5.44	--	--
	<b>TOTAL (A)+(B)</b>	8	7200000	--	100.00	100.00	--	--
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>							
1	Promoter and Promoter Group	--	--	--	--	--	--	--
2	Public	--	--	--	--	--	--	--
	<b>GRAND TOTAL (A)+(B)+(C)</b>		7200000	--	100.00	100.00	--	--

5. The list of top ten shareholders and the number of Equity Shares held by them is provided below:

a) As on the date of filing the Draft Red Herring Prospectus with SEBI:

S.No.	Name of the shareholder	No. of Shares	Pre-Issue % of Holding	Post-issue % of holding
1	Mr. Komaravelli Shiva Kumar	30,72,000	42.67	[•]
2	Mr. Darapuneni Murali	12,60,000	17.50	[•]
3	Mrs. Komaravelli Swathi	22,00,000	30.56	[•]
4	Mrs. Darapuneni Sailaja	2,40,000	3.33	[•]
5	Mr.B.Srikanth	12,000	0.16	[•]
6	Mr.L.Rama Krishna	2,00,000	2.78	[•]
7	Dr. Ravi	1,80,000	2.50	[•]
8	Mr.K.Vishwanath	36,000	0.50	[•]

(b) 10 days prior to date of filing the Draft Red Herring Prospectus with SEBI:

S. No.	Name	No. of Shares	Pre-Issue% of Holding	Post-issue % of holding
1	Mr. Komaravelli Shiva Kumar	30,72,000	42.67	[•]
2	Mr. Darapuneni Murali	12,60,000	17.50	[•]
3	Mrs. Komaravelli Swathi	22,00,000	30.56	[•]
4	Mrs. Darapuneni Sailaja	2,40,000	3.33	[•]
5	Mr.B.Srikanth	12,000	0.16	[•]
6	Mr.L.Rama Krishna	2,00,000	2.78	[•]
7	Dr.Ravi	1,80,000	2.50	[•]
8	Mr.K.Vishwanath	36,000	0.50	[•]

(c) As on two years prior to the date of filing the Draft Red Herring Prospectus with SEBI:

S. No.	Name	No. of shares	Pre-Issue % of Holding	Post-issue % of holding
1	Mr. Komaravelli Shiva Kumar	15,02,000	41.73	[•]
2	Mr. Darapuneni Murali	6,30,000	17.50	[•]
3	Mrs. Komaravelli Swathi	11,00,000	30.56	[•]
4	Mrs. Darapuneni Sailaja	1,20,000	3.33	[•]
5	Mr.B.Srikanth	12,000	0.33	[•]
6	Mr.L.Rama Krishna	1,00,000	2.78	[•]
7	Dr. Ravi	1,00,000	2.78	[•]
8	Mr.K.Sandeep	12,000	0.33	[•]
9	Mr.B.Ajay Kumar	12,000	0.33	[•]
10	Mrs.K.Sreerekha	12,000	0.33	[•]

## **6. Buyback and Standby Agreements**

Neither the Company nor the Directors nor the Promoters nor the Promoters Group Companies, their respective Directors, the BRLM have entered into any buyback and/or standby arrangements for the purchase of Equity shares from any person.

7. Any oversubscription to the extent of 10% of the Issue can be retained for the purpose of rounding off and making allotments in minimum lots, while finalising the Basis of Allocation. Consequently, the Allotment may increase by a maximum of 10% of the Issue, as a result of which the post-Issue paid-up capital would also increase by the excess amount of Allotment so made. In such an event, the Equity Shares to be locked-in towards the Promoter's contribution shall be suitably increased, so as to ensure that 20% of the post-Issue paid-up capital is locked in.

8. In the Public Issue, in case of over-subscription in all categories, upto 50% of the Issue shall be available for allocation on a proportionate basis to QIBs out of which up to 5% of the QIB portion shall be available for allocation on a proportionate basis to Mutual Funds and the balance of the QIB portion to QIBs including Mutual Funds, a minimum of 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and a minimum of 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category would be met with spill over from other categories at the sole discretion of the Company in consultation with the BRLM.

9. Except as stated in the chapter titled "Management" beginning on page 104 of the Draft Red Herring Prospectus, none of the Directors or Key Managerial Personnel hold any Equity Shares in the Company.

10. The Company has not entered into any financing arrangements whereby its Promoters, Promoter Group and Directors and their immediate relatives have financed the purchase by any other person of the Equity Shares of the Company other than in the normal course of business of financing the entity, during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus. As of the date of the Draft Red Herring Prospectus, no Equity Shares have been pledged by the Promoters or the Promoter Group.

11. There are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into the Equity Shares.

12. As on date there are no partly paid up shares.

13. The Promoters and members of the Promoter Group will not subscribe to or apply for Equity Shares in the Issue.

14. There has been no equity shares sold or purchased by the Promoters, the Promoter Group and the directors during the period of six months preceding the date on which this Draft Red Herring Prospectus is filed with SEBI.

15. The Company has not raised any bridge loan against the proceeds of this Issue. For details on use of proceeds, see the section titled "Objects of the Issue" on page 55 of Draft Red Herring Prospectus.

16. A Bidder cannot make a Bid for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

17. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or public issue or in any other manner during the period commencing from submission of the Draft Red Herring Prospectus with SEBI until the equity shares offered hereby have been listed.
18. The Company presently does not have any intention or proposal to alter its capital structure for a period of six months commencing from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares or securities convertible into Equity Shares, whether on a preferential basis or otherwise. However, during such period or at a later date, the Company may undertake an issue of shares or securities linked to equity shares to finance an acquisition, merger or joint venture by us or as consideration for such acquisition, merger or joint venture, or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by the Board to be in the interest of the Company.
19. There will be only one denomination of the Equity Shares of the Company unless otherwise permitted by law and the Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
20. The Equity Shares offered through the Issue will be fully paid up.
21. The Company has not issued any Equity Shares out of revaluation reserves or for consideration other than cash, except for the bonus Equity Shares issued out of free reserves.
22. No person connected with the Issue including, but not limited to, the BRLM, the members of the Syndicate, the Company, the Directors, the Promoters, the Promoter Group and Ventures/Companies promoted by the Promoters shall offer any incentive, whether direct or indirect, in any manner, whether in cash, kind, services or otherwise, to any Bidder.
23. As of the date of the Draft Red Herring Prospectus, the BRLM and its associates do not hold any Equity Shares in the Company.
24. The Company has not made any public issue since its incorporation.
25. The Company has 8 members as of March 31, 2011.
26. The Company does not have any ESOS/ ESPS scheme for its employees and it do not intend to allot any Equity Shares to its employees under ESOS/ ESPS scheme from this proposed Issue. As and when, options are granted to their employees under the ESOP scheme, the Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines 1999.

## F. OBJECTS OF THE ISSUE

The objectives of the Issue are to enhance the visibility of the Company and to raise funds for the following purposes:

1. To purchase capital equipment.
2. To meet the long term working capital requirements.
3. To meet Issue expenses and
4. To get the shares listed on Stock Exchanges.

The main objects clause of Memorandum of Association of the Company enables it to undertake the existing as well as proposed activities, for which the funds are being raised pursuant to this Issue.

## FUNDS REQUIREMENT

The estimated funds requirement for the above objects is set forth below:

S.No	Particulars	Funds Requirements (₹ in Lakhs)
1	To purchase capital equipment	202.46
2	Long term working capital requirement	2,700.00
3	Issue expenses	[•]
	<b>Total</b>	[•]

The entire requirement of the funds is proposed to be met through this Issue. In case of shortfall, if any, shall be met out of internal accruals. The Reserves & Surplus as on March 31, 2010 is ₹ 705.34 lakhs. Excess money, if any, will be utilized for general corporate purpose. The project has not been appraised by external agencies and as such all the funds requirements are based on management estimate. No part of the issue proceeds will be paid as consideration to promoters/directors/key managerial personnel, associate or group companies.

## DETAILED BREAK UP OF FUNDS REQUIREMENT

### 1. Purchase of Capital Equipment

The business of infrastructure development requires investment in capital equipment on a regular basis. The Company has estimated capital equipment requirement to the tune of ₹ 202.46 lakhs. Acquisition of the said equipment will improve productivity and also reduce its dependence on hired equipment. The company has received quotations for capital equipment and the orders for the same would be placed only after the availability of the public issue proceeds.

The details of the equipment along with the quotations are mentioned below:

Sr. No.	Description of Equipment / Machinery	Name of the Supplier	Date of quotation	Quantity	Estimated cost per unit (₹ in Lakhs) *	Total cost (₹ in Lakhs)
					(₹ in Lakhs)	
1	Pole Erection Machine	Surya Infrastructure	December 25, 2010	3	1.50	4.50
2	Mahindra Tractor	Anika Automobiles	March 30, 2011	3	5.48	16.44
3	Truck	Jasper Industries Private Ltd	March 30, 2011	3	6.67	20.02
4	Stringging Equipment	MAP Power Private Limited	March 23, 2011	1	151.10	151.10
5	Pick-up Vans	Automotive Manufacture s Pvt Ltd	March 29, 2011	2	5.20	10.40
<b>Total</b>						<b>202.46</b>

\*inclusive of taxes

None of the machinery described above, is used/second hand in nature, and the Company does not propose to purchase any used / second hand machinery.

The Promoters, Directors, Key Managerial Personnel and the Group Companies do not have any interest in the proposed acquisition of the equipment or in the entity from whom the Company has obtained quotations for the same.

The prices for the equipment proposed to be purchased as set out above are as per the quotations received from the respective suppliers. The Company will obtain fresh quotations at the time of actual placement of the order for the respective equipment. The actual cost would thus depend on the prices finally settled with the suppliers and to that extent may vary from the above estimates.

Further, the Company's capital expenditure plans are subject to a number of variables, including possible cost overruns, construction delays or defects and changes in the management's views of the desirability of current plans, among others.

## 2. Working Capital Requirements

The Company business is working capital intensive and it availed majority of its working capital in the ordinary course of business from banks and internal accruals. The Company's working capital facility consisted of an aggregate fund based limit of Rs.1200 lakhs and an aggregate non-fund based limit of Rs.7000 lakhs. As of 31st October 2010 the aggregate amounts outstanding under the fund based and non-fund based working capital facilities were Rs.1099.76 and Rs.4606.28 lakhs respectively. For further details of the working capital facility currently availed by the Company, please see "Financial Indebtedness" on page 170 of this Draft Red Herring Prospectus. The Company requires additional working capital for executing its outstanding and prospective Order Book. Details about actual (31st March 2010) and estimated (31st March 2011 and 2012) working capital requirement and its funding is given below

### *Basis of estimation of working capital requirement*

Particulars	Amount (₹ in Lakhs) FY 2009-10 (Actuals)	Amount (₹ in Lakhs) for the FY 2010-11 (Estimated)	Amount (₹ in Lakhs) for the FY 2011-12 (Estimated)*
<b>A. Current Assets</b>			
Raw material	872.19	1458.33	2500.00
Work in progress	--	--	--
Sundry debtors	3769.11	3500.00	6000.00
Other current assets-Overheads	--	169.17	290.00
<b>Total (A)</b>	<b>4641.30</b>	<b>5127.50</b>	<b>8790.00</b>
<b>B. Current Liabilities</b>			
Sundry creditors	2764.52	1945.03	3342.00
<b>Total (B)</b>	<b>2764.52</b>	<b>1945.03</b>	<b>3342.00</b>
<b>Net working capital requirement (A - B)</b>	<b>1876.78</b>	<b>3182.47</b>	<b>5448.00</b>
<b>Funding pattern</b>			
Bank finance	1294.49	2000.00	2500.00
Proposed to be funded from Public Issue	--	--	2700.00
Internal Accruals	528.29	1182.47	248.00
<b>Total</b>	<b>1876.78</b>	<b>3182.47</b>	<b>5448.00</b>

\*The proceeds from the IPO will be utilized for the working capital requirement during the FY 2011-2012E

### **Assumptions for the calculation of working capital requirement**

#### **Holding Levels:**

(In Months)

Sl. No.	Particulars	Holding Level March 31, 2010	Holding Level March 31, 2011	Holding Level March 31, 2012
1	Raw materials	1.64	2.00	2.00
2	Sundry Debtors	2.96	3.00	3.00
3	Other current assets-Overheads	-	1.00	1.00
4	Sundry Creditors	2.40	2.50	2.50

The justifications for the holding levels mentioned in the table above are provided below:-

1	Current Assets	
a	Raw Materials	The level of raw materials is estimated at the level of 2.00 months as of March 31, 2012 as against 1.64 months as of March 31, 2010. The Company will be executing many projects in FY 2011-12 and subsequently the requirements for raw material will increase. Hence, the increased levels of holding is justified.
b	Sundry Debtors	The sundry debtors stood at 2.96 months of gross sales as on March 31, 2010 and estimated to be at the 3.00 months as on March 31, 2012. Since the Company executes various project of State Electricity Board and Private party projects, the settlement of bills by these agencies and corporate will vary. It is also as per the industry standards. Hence, the projected levels are justified.
c	Other current assets-Overheads	The level of overheads is projected at the level of 1.00 month as of March 31, 2012. The Company is expected to execute more projects in FY 2011-12, pursuant to which the requirements of overheads will increase. Hence, the increased level of holding is justified.
2	Sundry Creditors	The Sundry Creditors stood at the level of 2.40 months as on March 31, 2010 and estimated at 2.50 months as on March 31, 2012, which is consistent as per historical and justified.

### 3. Public issue expenses

The expenses of this issue which includes fees payable to BRLM to the Issue, Registrars to the Issue, Legal Advisors to the Issue, Auditors, Underwriting Commission, Selling Commission, , Printing and Stationery, Advertisement Expenses and all other incidental and miscellaneous expenses for listing of the Equity Shares on the Stock Exchanges. The total estimated expenses are ₹ [•] lakhs which is [•] % of the Issue size. The details of the expenses are as given below:

Activity	Amount (₹ In lakhs )	% of Issue Expenses	% of Issue Size
Fees to Book Running Lead Manager	[•]	[•]	[•]
Fees to Registrar to the Issue	[•]	[•]	[•]
Fees to Legal Advisor to the Issue	[•]	[•]	[•]
Fees to Auditors	[•]	[•]	[•]
Underwriting Commission	[•]	[•]	[•]
Selling Commission	[•]	[•]	[•]
IPO Grading expenses	[•]	[•]	[•]
Printing & Stationery	[•]	[•]	[•]
Advertisement expenses	[•]	[•]	[•]
Other expenses (including filing fees, listing fees, depository charges, IPO grading agency's fees, Escrow Banker charges etc.)	[•]	[•]	[•]
Contingencies	[•]	[•]	[•]
<b>Total</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>

\*Will be incorporated at the time of filing of the Prospectus.

### **Funds Deployed**

As per the certificate dated March 24, 2011 issued by SPAD & Associates., Chartered Accountants the Company has deployed ₹15.39 lakhs as on February 28, 2011. The funds have been financed out of internal accruals. These expenses have been incurred towards Issue Expenses which will be recouped from the issue proceeds.

### **Proposed Deployment of Funds**

The Company may make payments toward its Objects of the Issue, before it obtains proceeds from the Issue, through other means and source of financing, including internal accruals or other financial arrangements, which then will be recouped from the proceeds of the Issue.

### **Schedule of Implementation**

Particulars	Expected date of Commencement	Expected date of Completion
Procurement of Capital Equipment	December 2011	March 2012

### **Estimated Schedule of Deployment of Funds**

Particulars	Expenses incurred till February 28, 2011	Deployment FY 2011-12	Fund Requirements
Procurement of Capital Equipment	Nil	[•]	[•]
Long-term Working Capital Requirements	Nil	[•]	[•]
To meet Issue Expenses	15.39	[•]	[•]
<b>Total</b>	<b>15.39</b>	<b>[•]</b>	<b>[•]</b>

### **Appraisal**

The Objects have not been appraised by any banks, financial institutions or agency.

### **Bridge loans**

The Company has not raised any bridge loans against the Net Proceeds.

### **Means of Finance**

All the requirement of funds for investment in capital equipment & long term working capital requirements and repayment of the loans availed by the Company would be met entirely from the amount raised from the Issue and no amount is required to be raised through other means of finance. Since the entire fund requirement will be met entirely from the proceeds of the Issue, there is no requirement for any other firm arrangements of finance. Thus the Company are in compliance with the Regulation 4(2)(g) of the SEBI (ICDR) Regulations for firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through the proposed Issue, as the same does not apply to the Company.

### **Interim use of net proceeds**

The management of the Company, in accordance with the policies set up by the Board, will have flexibility in deploying the Net Proceeds. Pending utilization for the purposes described above, the Company intends to temporarily invest the Net Proceeds in interest-bearing liquid

instruments including deposits with banks, mutual funds or temporarily deploy the funds in investment grade interest bearing securities as may be approved by the Board. Such investments would be in accordance with the investment policies approved by the Board from time to time. The Company confirms that pending utilization of the net proceeds, it will not use the funds for any investments in the equity markets.

#### **Monitoring of Utilization of Funds**

The appointment of monitoring agency is not required in accordance with Regulation 16(1) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. The audit committee shall monitor the utilization of the proceeds of the Issue. The Company will disclose the utilization of the Net Proceeds, including interim use, under a separate head specifying the purpose for which such proceeds have been utilized along with details, if any in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilized proceeds of the Issue in the Balance Sheet of the Company for the relevant Financial Years commencing from FY 2012.

The Company will disclose the details of the utilization of the Net Proceeds of the Issue, including interim use, under a separate head in the financial statements of the Company specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of the listing agreements with the Stock Exchanges. As per the requirements of Clause 49 of the listing agreement, the Company will disclose to the audit committee the uses/ applications of funds on a quarterly basis as part of its quarterly declaration of results.

Further, on an annual basis, the Company shall prepare a statement of funds utilized for purposes other than those stated in this Draft Red Herring Prospectus and place it before the audit committee. The said disclosure shall be made till such time that the full proceeds raised through the Issue have been fully spent. The statement shall be certified by the Statutory Auditors. Further, in terms of Clause 43A of the listing agreement, the Company will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the objects stated in this Draft Red Herring Prospectus. Further, this information shall be furnished to the Stock Exchanges along with the interim or annual financial results submitted under Clause 41 of the listing agreement and be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the audit committee in terms of Clause 49 of the listing agreement.

No part of the Net Proceeds will be paid by the Company as consideration to the Promoters, the Directors, Key Management Personnel or Group Companies.

## **G. TERMS OF THE ISSUE**

### **Principal Terms and Conditions of the Issue**

The Equity Shares being offered are subject to the provisions of the Act, the Memorandum and Articles of Association, the terms of this Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, the Bid cum Application Form, the ASBA Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advice and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government, Stock Exchanges, the Reserve Bank of India and/or other authorities, as in force on the date of the Issue and to the extent applicable.

### **Ranking of Equity Shares**

The Equity Shares being offered shall be subject to the provisions of the Act and the Memorandum and the Articles of Association and shall rank parri-passu in all respects with the existing Equity Shares, including rights in respect of dividends. The allottees will be entitled to dividend, voting rights of any other corporate benefits, if any, declared by the Company after the date of allotment. For further details, see the section “Main Provisions of the Articles of Association” beginning on page 241 of this Draft Red Herring Prospectus.

### **Mode of payment of Dividend**

The Company shall pay dividend to the shareholders as per the provisions of the Act, the Equity listing agreement proposed to be entered into with Stock Exchanges and its Articles of Association.

### **Face Value and Issue Price**

The face value of the Equity Shares is ₹ 10/- each. The Floor Price of Equity Shares is ₹ [●] per Equity Share and the Cap Price is ₹ [●] per Equity Share.

The Price Band and the minimum bid lot as decided by the Company in consultation with the Book Running Lead Manager, including the relevant financial ratios computed for both the Cap Price and the Floor Price and shall be published at least two Working Days prior to the Bid/Issue Opening Date in English, Hindi national newspapers and Telugu regional newspaper with wide circulation.

At any given point of time there shall be only one denomination for the Equity Shares.

### **Compliance with SEBI (ICDR) Regulations**

The Company shall comply with applicable disclosure and accounting norms as specified by SEBI from time to time.

### **Rights of the Equity Shareholder**

Subject to applicable laws, the Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Act and the Memorandum and Articles of Association of the Company.

For further details on the main provisions of the Company's Articles of Association dealing with, voting rights, dividend, forfeiture and lien, transfer and transmission, see the section titled "Main Provisions of the Articles of Association" on page 241 of this Draft Red Herring Prospectus.

#### **Market Lot and Trading Lot**

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. As per SEBI (ICDR) Regulations, trading in Equity Shares shall only be in dematerialized form for all investors. Since trading of the Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment through this Issue will be done only in electronic form in multiples of one Equity Share subject to a minimum allotment of [●] Equity Shares.

#### **Minimum Subscription**

If the Company does not receive the minimum subscription of 90% of the Issue to public including devolvement of Underwriters within 60 days from the date of closure of the Issue, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the Company becomes liable to pay the amount (i.e. from the date of refusal or within 10 weeks from the Bid/Issue Closing Date, whichever is earlier), the Company shall pay interest as prescribed under Section 73 of the Companies Act.

Furthermore, in accordance with Regulation 26(4) of the SEBI (ICDR) Regulations, the Company shall ensure that the number of allottees under the Issue shall not be less than 1,000, failing which the entire application money will be refunded forthwith.

## **H. BASIS FOR ISSUE PRICE**

The Issue Price will be determined by the Company in Consultation with BRLM on the basis of assessment of market demand and on the basis of the following Qualitative and Quantitative factors for the Equity Shares offered by the Book Building Process. The Face Value of the Equity Shares is ₹ 10/- and the Issue Price is [●] times the Face Value at the lower end of the Price Band and [●] times the Face Value at the higher end of the Price Band.

*Qualitative factors:-*

### **Project Execution capabilities**

The Company has been providing customized turnkey services to the major power utilities in creation of Infrastructure and Augmentation of the existing system. Over the years the Company has gained experience and expertise in providing services to various power transmission and distribution companies across the states in India for setting up different categories of Transmission lines, Sub-stations, Feeder separation and conversions of low voltage distribution system into high voltage distribution systems. The main requirements for thorough Project execution are management, personnel and equipment. The Company's management team is qualified and experienced in its business area, and has substantially contributed to the growth of its operations. Each site is under the direct supervision of a senior employee which ensures adequate control and faster decision making.

### **Presence of the Company's business across various States of India**

The Company has an order book of ₹11321.01 Lakhs consists of diverse orders across various clients' and geographical locations. It is present in Andhra Pradesh, Maharashtra, Madhya Pradesh, Tripura and Karnataka. Through this geographic diversity, it is able to mitigate the risks associated with overdependence on a single geographical location.

### **Pre-qualification credentials and continuous growth in the bid capacity**

Pre-qualification is a basic requirement in this industry. Pre-qualification capability includes various factors such as technical capability, financial capability and past experience in the similar projects. The Company has focused on increasing these parameters and continuously increased its bid capacity. Its track record of over 5 years enables it to meet customers' pre qualification requirement either independently or in association with joint-venture partners.

### **Strategically positioned to realize opportunities in the infrastructure sector**

Infrastructure growth in India has been propelled in the past decade with power reforms and benefits extended by the government, which has been accompanied by a host of private investments. Increased allocation of resources to the infrastructure sector, facilitation of incremental lending to the infrastructure sector and increased social sector projects benefiting infrastructure development are contemplated as part of the current five year plan. The Company believes that the increasing level of investment in infrastructure by central and state governments and private industry will be a major growth driver for its business in the future and its demonstrated expertise and experience in the infrastructure segment will provide it with a significant advantage in pursuing such opportunities. The Company believes that it is in an advantageous position because of its operating history, industry knowledge, experience and familiarity with the sector.

*Quantitative factors*

a) Earnings per share (EPS) - Basic and diluted

	EPS (₹)	Weightage
31 <sup>st</sup> March 2008	4.45	1
31 <sup>st</sup> March, 2009	7.53	2
31 <sup>st</sup> March, 2010	9.08	3
31 <sup>st</sup> October, 2010	4.48	
Weighted average EPS	7.79	

b) Price/Earning Ratio (P/E Ratio) in relation to Issue price of ₹ [•]

Particulars			
Based on March 31, 2010 EPS	[•]		
Based on October 31, 2010	[•]		
Based on weighted average EPS	[•]		

c) Return on Networth

Financial year	RONW %	Weightage
March 31, 2008	25.99	1
March 31, 2009	32.39	2
March 31, 2010	45.91	3
October 31, 2010	18.58	
Weighted Average RONW	38.08	

d) Minimum return on total net worth needed after the Issue to maintain EPS (as on March 31, 2010) at ₹ \_\_\_\_ is [•]

At the Floor Price: [•] % based on the restated summary statements;  
At the Cap Price: [•] % based on the restated summary statements;

e) Net Asset Value

As at March 31, 2010	₹19.78
As of 31 <sup>st</sup> October, 2010	₹24.12
After Issue at Issue Price of ₹ [•]	[•]

f) The face value of the shares is ₹10/- and the Issue price is [•] times of the face value at a price of ₹ [•].

4. Comparison of accounting ratios of the Company with industry average and accounting ratios of peer group for Financial Year 2010.

The Company cannot be compared with the other listed companies, as the Company doesn't have apparent competitor in the segment, in which it is operating.

The BRLM believe that the Issue Price of ₹ [•] is justified in view of the above qualitative and quantitative parameters. For further details, see the section titled "Risk Factors" on page 12 and the financials of the Company including important profitability and return ratios, as set out in the Auditor's Report stated on page 132 of this Draft Red Herring Prospectus to have a more informed view.

## **I. STATEMENT OF TAX BENEFITS**

M/s SPAD & ASSOCIATES,  
Chartered Accountants,  
6-3-609/195, Anand Nagar,  
Khairatabad,  
Hyderabad - 500 004

To  
The Board of Directors  
Vishwanath Projects Limited  
3-5-874/A, 401, R K Vipanchi Estates  
Hyderguda,  
Hyderabad - 500 029

Dear Sirs,

### **Re: Tax benefits available to the Company and the Shareholders on proposed Initial Public Offer of Shares under the existing tax laws.**

We hereby report that the enclosed annexure states the possible tax benefits available to Vishwanath Projects Limited and its shareholders under the applicable provisions of the Income Tax Act, 1961 and other direct and indirect tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfil. No assurance is given that the revenue authorities will concur with the views expressed herein.

The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

- The Company or its shareholders will continue to obtain these benefits in future; or
- The Conditions prescribed for availing the benefits have been / would be met with.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

**For SPAD & ASSOCIATES**  
**Chartered Accountants**

L. Prakasham  
Partner  
Membership Number: 028129

Place: Hyderabad  
Date: April 13, 2011

**ANNEXURE TO THE STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS.**

**A. BENEFITS TO THE COMPANY**

**1. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY**

**Nil**

**2. UNDER THE INCOME TAX ACT, 1961 (“THE ACT”):**

The Company will be entitled to deduction under the sections mentioned hereunder from its total income chargeable to Income Tax.

**2.1 Dividends exempt under Section 10(34)**

Under Section 10(34) of the Act, the Company will be eligible for exemption of income by way of dividend from domestic company referred to in Section 115-O of the Act.

However, in view of the provisions of section 14A of the Act, no deduction is allowed in respect of any expenditure incurred in relation to income which does not form part of the total income under the Act. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.

Also, section 94(7) of the Act provides that losses arising from the sale/transfer of shares or units purchased within a period of three months prior to the record date and sold/transferred within three months or nine months respectively after such date, will be disallowed to the extent dividend income on such shares or units is claimed as tax exempt.

**2.2 Income from units of Mutual Funds exempt under Section 10(35)**

The Company will be eligible for exemption of income received from units of mutual funds specified under Section 10(23D) of the Act, income received in respect of units from the Administrator of specified undertaking and income received in respect of units from the specified company in accordance with and subject to the provisions of Section 10(35) of the Act.

**2.3 Computation of capital gains**

**2.3.1** Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding.

Shares in a company, listed securities or units of UTI or unit of Mutual Fund specified under Section 10(23D) or a zero coupon bond will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as “long term capital gains”. Capital gains arising on sale of these assets held for 12 months or less are considered as “short term capital gains”.

**2.3.2** Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/ improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition/improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/improvement by a cost inflation index as prescribed from time to time.

**2.3.3** As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under Section 10(36) or 10(38) of the Act would be subject to tax at a rate of 20

percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

2.3.4 As per the provisions of Section 111A of the Act, short-term capital gains on sale of equity shares or units of an equity oriented mutual fund where the transaction of sale is chargeable to Securities Transaction tax ("STT") shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and education cess).

#### **2.3.5 *Exemption of capital gain from income tax***

➤ Under Section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT. However, such income shall be taken into account in computing the book profit tax payable under Section 115JB.

➤ According to the provisions of Section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under Section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. This exemption is restricted to amounts not exceeding fifty lakh rupees in case of investments made on or after April 01, 2007 in such long term specified assets. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

#### **2.4 Other specified deductions**

Subject to fulfillment of conditions, the Company will be eligible, *inter alia*, for the following specified deductions in computing its business income:-

2.4.1 The Company will be entitled to claim expenditure incurred in respect of voluntary retirement scheme under section 35DDA of the Act in five equal annual installments.

2.4.2 Subject to compliance with certain conditions laid down in Section 32 of the Act, the Company will be entitled to deduction for depreciation:

In respect of tangible assets (being buildings, machinery, plant or furniture) and intangible assets (being know-how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after 1st day of April, 1998) at the rates prescribed under the Income-tax Rules, 1962;

In respect of any new machinery or plant which has been acquired and installed after 31st March 2005 by an assessee engaged in the business of manufacture or production of any article of thing, a further sum of 20% of the actual cost of such machinery or plant.

2.4.3 Under Section 115JAA (1A) credit shall be allowed of any MAT paid under Section 115JB of the Act for any assessment year commencing on or after 1st day of April 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Income Tax Act. Such MAT credit shall be available for set-off up to 7 years succeeding the year in which the MAT credit initially arose.

### **3. UNDER THE WEALTH-TAX ACT, 1957**

The company is liable to pay wealth tax under the Wealth Tax Act, 1957 @1% on its net wealth in excess of ₹30 lakhs for every assessment years w.e.f. 1<sup>st</sup> April 2010.

## **B. BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS**

### **1. UNDER THE INCOME TAX ACT, 1961 (“THE ACT”):**

#### **1.1 Dividends exempt under Section 10(34)**

Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income tax in the hands of the shareholders.

However, in view of the provisions of section 14A of the Act, no deduction is allowed in respect of any expenditure incurred in relation to income which does not form part of the total income under the Act. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.

Also, section 94(7) of the Act provides that losses arising from the sale/transfer of shares or units purchased within a period of three months prior to the record date and sold/transferred within three months or nine months respectively after such date, will be disallowed to the extent dividend income on such shares or units is claimed as tax exempt.

#### **1.2 Computation of capital gains**

**1.2.1** Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding.

Shares in a company, listed securities or units of UTI or unit of Mutual Fund specified under Section 10(23D) of the Act or a zero coupon bond will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as “long term capital gains”. Capital gains arising on sale of these assets held for 12 months or less are considered as “short term capital gains”.

**1.2.2** Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/ improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition /improvement by a cost inflation index as prescribed from time to time.

**1.2.3** As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

**1.2.4** As per the provisions of Section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and education cess).

#### *1.2.5 Exemption of capital gain from income tax*

Under Section 10(38) of the Act, Long term Capital Gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.

According to the provisions of Section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under Section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. This exemption is restricted to amounts not exceeding fifty lakh rupees in case of investments made on or after April 01, 2007 in such long term specified assets. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

Under Section 54F of the Act and subject to the conditions and to the extent specified therein, long term capital gains [in cases not covered under section 10(38) of the Act] arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gains tax subject to other conditions, if the net sales consideration from such shares are used for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

### **2. UNDER THE WEALTH-TAX ACT, 1957**

Shares of the Company held by the shareholder will not be treated as an asset within the meaning of Section 2(ea) of Wealth Tax Act, 1957, hence no Wealth Tax will be payable on the market value of shares of the Company held by the shareholder of the Company.

### **C. BENEFITS AVAILABLE TO NON-RESIDENT INDIAN SHAREHOLDERS (OTHER THAN FIIS AND FOREIGN VENTURE CAPITAL INVESTORS)**

#### **1. UNDER THE INCOME TAX ACT, 1961 (“THE ACT”):**

##### **1.1 Dividends exempt under Section 10(34)**

Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income tax in the hands of the shareholders.

However, in view of the provisions of section 14A of the Act, no deduction is allowed in respect of any expenditure incurred in relation to income which does not form part of the total income under the Act. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.

Also, section 94(7) of the Act provides that losses arising from the sale/transfer of shares or units purchased within a period of three months prior to the record date and sold/transferred within three months or nine months respectively after such date, will be disallowed to the extent dividend income on such shares or units is claimed as tax exempt.

#### **1.2 Computation of capital gains**

##### **1.2.1 Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding.**

Shares in a company, listed securities or units of UTI or units of Mutual Fund specified under Section 10(23D) of the Act or a zero coupon bond will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of

these assets held for more than 12 months are considered as “long term capital gains”. Capital gains arising on sale of these assets held for 12 months or less are considered as “short term capital gains”.

1.2.2 Section 48 of the Act contains special provisions in relation to computation of capital gains on transfer of shares of an Indian company by non-residents. Computation of capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition/improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange.

According to the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess).

1.2.3 In case investment is made in Indian rupees, the long-term capital gain is to be computed after indexing the cost.

According to the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under Section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long-term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

1.2.4 As per the provisions of Section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15 percent (plus applicable surcharge and education cess).

1.2.5 *Options available under the Act where shares have been subscribed to in convertible foreign exchange - Option of taxation under Chapter XII-A of the Act:*

Non-Resident Indians [as defined in Section 115C(e) of the Act], being shareholders of an Indian Company, have the option of being governed by the provisions of Chapter XII-A of the Act, which *inter alia* entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to in convertible foreign exchange:

According to the provisions of Section 115D read with Section 115E of the Act and subject to the conditions specified therein, long term capital gains arising on transfer of shares in an Indian company not exempt under Section 10(38), will be subject to tax at the rate of 10 percent (plus applicable surcharge and education cess), without indexation benefit.

According to the provisions of Section 115F of the Act and subject to the conditions specified therein, capital gains arising on transfer of a long term capital asset being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset. If part of such net consideration is invested within the prescribed period of six months in any specified asset the exemption will be allowed on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

Further, if the specified asset in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted

earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

As per the provisions of section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if their source of income is only investment income and / or long term capital gains defined in section 115C of the Act, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

Under section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from any foreign exchange asset being asset of the nature referred to in sub clause (ii), (iii), (iv) and (v) of Section 115C(f) for that year and subsequent assessment years until such assets are converted into money.

As per the provisions of section 115-I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

#### *1.2.6 Exemption of capital gain from income tax*

Under Section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.

According to the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

Provided that the investment made on or after April 01, 2007 in the long term specified assets by the non residents during any financial year does not exceed fifty lakh rupees.

#### 1.3 Tax Treaty benefits

An investor has an option to be governed by the provisions of the Act or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.

### **2. UNDER THE WEALTH-TAX ACT, 1957**

Shares of the Company held by the shareholder will not be treated as an asset within the meaning of Section 2(ea) of Wealth Tax Act, 1957, hence no Wealth Tax will be payable on the market value of shares of the Company held by the shareholder of the Company.

### **D. BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS ('FIIs')**

#### **1. UNDER THE INCOME TAX ACT, 1961 ("THE ACT"):-**

##### **1.1 Dividends exempt under section 10(34)**

Under section 10(34) of the Act, income earned by way of dividend from domestic company referred to in section 115-O of the Act is exempt from income tax in the hands of the shareholders.

However, in view of the provisions of section 14A of the Act, no deduction is allowed in respect of any expenditure incurred in relation to income which does not form part of the total income under the Act. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.

Also, section 94(7) of the Act provides that losses arising from the sale/transfer of shares or units purchased within a period of three months prior to the record date and sold/transferred within three months or nine months respectively after such date, will be disallowed to the extent dividend income on such shares or units is claimed as tax exempt.

### **1.2 Taxability of capital gains**

1.2.1 Under Section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.

1.2.2 The income by way of short term capital gains or long term capital gains [in cases not covered under Section 10(38) of the Act] realized by FIIs on sale of shares of the company would be taxed at the following rates as per Section 115 AD of the Act.

Short term capital gains, other than those referred to under Section 111A of the Act shall be taxed @ 30% (plus applicable surcharge & education cess).

Short term capital gains, referred to under Section 111A of the Act shall be taxed @ 15% (plus applicable surcharge and education cess).

Long Term capital gains @ 10% (plus applicable surcharge and education cess) (without cost indexation) It may be noted here that the benefits of indexation and foreign currency fluctuation protection as provided by Section 48 of the Act are not applicable.

1.2.3 According to the provisions of Section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under Section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately.

However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. Provided that the investment made on or after April 01, 2007 in the long term specified assets by the investor during any financial year does not exceed fifty lakh rupees.

### **E. VENTURE CAPITAL COMPANIES / FUNDS**

In terms of Section 10(23FB) of the Act, all Venture capital companies/funds registered with Securities and Exchange of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including profit on sale of shares of the Company.

## SECTION IV: ABOUT THE COMPANY

### A. INDUSTRY OVERVIEW

*All information contained in the enclosed content has been obtained by ICRA Management Consulting Services Limited (IMaCS) from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and IMaCS in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information contained herein must be construed solely as statements of opinion, and IMaCS shall not be liable for any losses incurred by users from any use of this publication or its contents.*

In recent decades, the Government of India has focused on infrastructure development with top priority given to the power sector. Significant reforms have emphasised on developing the competitive environment, restructuring the industry for higher levels of accountability and investments, and aligning the electricity market for more efficient outcomes.

As compared to 23 integrated utilities (SEBs), which existed before the electricity reforms began in the 1990s, there are now over 80 utilities with varied ownership structures under the Central Government, state governments, private utilities, captive power generators, independent power producers (IPP) and merchant power plants (MPP). Further, market expansion is taking place with the emergence of open access, power trading companies, power exchanges, rural electrification and various generation projects.

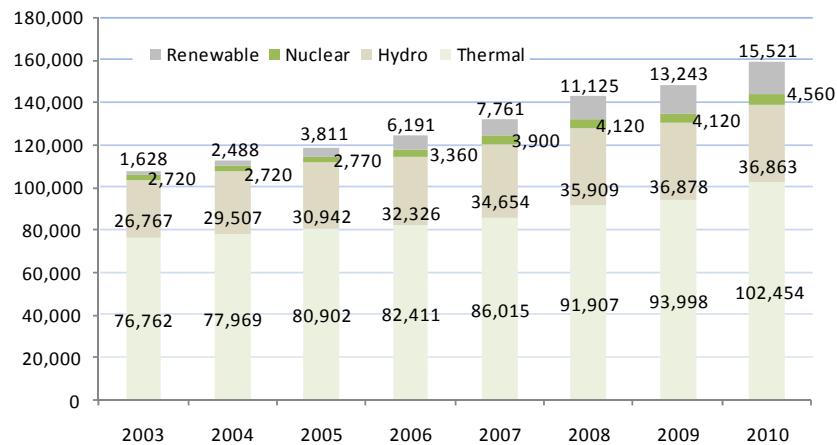
The state transmission utilities (STU) are responsible for inter-state power transmission, while Power Grid Corporation of India Limited (PGCIL) is responsible at the inter-regional level. Distribution of power is mostly controlled by state distribution companies. Most states have set up State Electricity Regulatory Commissions (SERC) for tariff regulation. The Central Electricity Regulatory Commission (CERC) fulfils this responsibility for the central power utilities. The Central Electricity Authority (CEA) is responsible for planning and data management.

According to the CEA, the average per capita electricity consumption in India is about 704 kWh as compared to global average per capita consumption of 2,752 kWh. By 2012, India requires an installed capacity of over 220,000 MW, which translates into opportunities for the associated power transmission and distribution segments. In addition, several decades of deterioration in power distribution infrastructure prior to reforms have created a need for investments in the segment to revamp the system in almost all states. At about 35%, the overall transmission and distribution (T&D) losses are higher than accepted global standards. Many rural areas in the country still remain unconnected. The Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY) provides opportunities for development of rural power distribution infrastructure.

#### *Generation Capacity Growth*

The total generation capacity of the grid-connected power utilities was 159,398 megawatts (MW) as of March 2010. State government utilities owned 49.8% of the total installed generation capacity; the central utilities owned 32% and private utilities 18.2%.

**Figure 1: Growth in Generation Capacity**



(Source: IMaCS Research)

- Thermal power generation stays the major contributor to total generation given the country's significant coal reserves and potential for gas production.
- India's hydroelectric potential has been estimated to be 600 billion kWh per annum, corresponding to a capacity of 148.7 GW. Only 23% of the potential has been developed so far.
- States with high potential are Arunachal Pradesh (50.3 GW), Himachal Pradesh (18.8 GW), Uttarakhand (18.2 GW), and Jammu & Kashmir (14.1 GW). Since most of the potential is in the hill regions of the country, new transmission lines would be required for evacuation of power from these projects.
- The Government has also stressed on development of renewable energy sources (RES) to improve energy security and decrease green-house gas emissions.
- The total renewable capacity is expected to increase to 23,476 MW by the end of March 2012. Wind power is expected to contribute almost 74% of this capacity.
- Development of nuclear power projects is another potential area for power generation capacity addition.

#### Power Transmission

An extensive transmission and distribution network already exists for evacuation of power and supply to consumers. Notwithstanding the substantial infrastructure, many regions in the country still suffer from electricity shortages due to poor network quality and several remote locations remain unconnected.

The new generation capacity additions as well as targeted increase in per capita consumption provide potential for further strengthening and expansion of the transmission system.

**Table 1: Growth in Transmission Lines**

(Ckm)

Voltage level	6 <sup>th</sup> Plan	7 <sup>th</sup> Plan	8 <sup>th</sup> Plan	9 <sup>th</sup> Plan	10 <sup>th</sup> Plan	11 <sup>th</sup> Plan
765 kV	-	-	-	1,160	2,184	3,118
± 500 kV HVDC	-	1,634	1,634	4,738	5,872	7,172
400 kV	6,029	19,824	36,142	49,378	75,722	89,496
220 kV	46,005	59,631	79,600	96,993	114,629	112,960

\*Up to second year of 11<sup>th</sup> Plan period

(Source: IMaCS Research)

With adoption of new technology, there has been a significant addition of transmission capacity at the extra-high voltage levels of over 500 kV. The 765 kV and 500 kV-HVDC technologies have raised grid efficiency and have strengthened the grid at the inter-regional links.

**Table 2: Growth in EHV Sub-stations (MVA)**

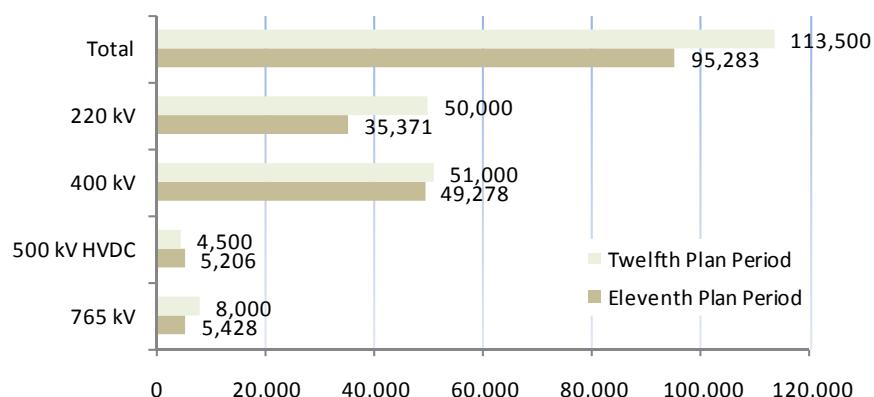
Voltage level	6 <sup>th</sup> Plan	7 <sup>th</sup> Plan	8 <sup>th</sup> Plan	9 <sup>th</sup> Plan	10 <sup>th</sup> Plan	11 <sup>th</sup> Plan*
765 Kv	-	-	-	-	-	4,500
± 500 kV HVDC	-	-	-	5,200	8,200	8,700
Converter/BTB						
Station						
400 kV	9,330	21,580	40,865	60,380	92,942	111,202
220 kV	37,291	53,742	84,177	116,363	156,497	177,189

\*Up to second year of 11<sup>th</sup> Plan period

(Source: IMaCS Research)

At present, four of the country's five regional grids: the Northern, North-Eastern, Eastern and the Western regions have been synchronised for better load management. Regional transmission network expansion is essential for transmission of power across the country, from abundant generation areas to the deficit areas. As part of its ambitious mission to provide electricity to the entire country by 2012, the Government has set a target of adding over 60,000 circuit kilometres of new transmission lines through an integrated grid, which is expected to carry as much as 60% of the power generated in the country. The government is also carrying out expansion of the five regional systems as well as the inter-regional grid to boost transmission capacity from 17,000 MW to 37,000 MW. The network expansion is expected to continue beyond 2012 commensurate with generation capacity and demand growth projections.

**Figure 2: Projected Transmission Line Length (Ckm)**



(Source: IMaCS Research)

#### Power Distribution

Distribution is a vital component of the electricity-supply chain. However, poor operational efficiencies, under-recovery of costs and poor collection efficiency of the power utilities are the key concerns. With the restructuring of electricity utilities, the focus has finally shifted to making the distribution segment more efficient and financially viable. This has created significant opportunities in the segment.

**Table 3: Transmission and Distribution Statistics**

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	5-Year Average Growth (%)
<b>Total Transmission and Distribution Lines (ckm)</b>							
North	1,603,380	1628,999	1,679,704	1,724,564	1,754,706	1,856,281	3.0
West	1,839,151	1,857,965	1,905,076	1,975,959	2,036,869	2,197,473	3.6
South	2,407,054	2,176,209	2,277,975	2,334,365	2,401,100	2,456,336	0.5
East	551,239	517,318	537,694	570,668	573,418	581,205	1.2
North-East	152,587	164,367	170,374	172,803	173,436	187,651	4.3
<b>11 kV to 33 kV Lines (ckm)</b>							
North	657,866	677,561	708,002	733,452	746,872	789,739	3.7
West	624,004	630,389	658,599	697,622	716,949	790,473	4.9
South	632,279	550,235	579,491	595,396	628,876	650,260	0.8
East	254,912	220,605	251,245	255,318	256,030	256,623	0.5
North-East	69,897	73,152	74,024	75,380	75,818	79,954	2.7
<b>Distribution Transformer Capacity (MVA)</b>							
North	62,372.7	66,172.2	70,984.4	74,661.1	77,126.3	88,757.6	7.4
West	61,044.5	65,028.2	81,871.3	82,272.5	90,764.8	96,458.9	9.9
South	55,929.2	55,078.6	66,986.5	69,822.9	76,860.4	80,161.1	7.7
East	14,231.3	17,254.8	12,774.3	13,016.2	14,228.9	15,123.3	2.6
North-East	3,108.2	3,134.0	3,453.8	3,496.1	3,556.2	3,864.2	4.5
<b>Average T&amp;D Losses (%)</b>							
North	36.42	37.48	36.19	35.40	32.85	30.26	-
West	34.45	32.94	32.75	31.60	30.52	29.40	-
South	24.16	22.31	22.63	22.11	20.71	19.77	-
East	27.41	33.12	32.29	32.25	31.29	29.31	-
North-East	38.28	38.64	50.74	43.40	37.67	43.41	-

(Source: IMaCS Research)

To reform the distribution sector, the Government of India introduced the Accelerated Power Development Programme (APDP) in 2000. The aim was to strengthen the transmission and distribution networks and reduce aggregate technical and commercial (AT&C) losses. Subsequently, incentive financing was integrated with the existing investment programme in the renamed Accelerated Power Development & Reforms Programme (APDRP) for the Tenth Plan period (2003-07). After a re-examination of the APDRP, The Cabinet Committee on Economic Affairs (CCEA) approved a restructured APDRP (R-APDRP) for the Eleventh Plan period as a central sector scheme in July 2008. The focus of this programme is on actual, demonstrable performance in terms of AT&C loss reduction.

Projects under the R-APDRP scheme have been taken up in three parts:

- Preparation of baseline data for project area, covering consumer indexing, geographic information system (GIS) mapping, metering of distribution transformers and feeders, automatic data logging for all distribution transformers and feeders, supervisory control and data acquisition (SCADA) and distribution management system (DMS).

Initially, 100% of the funds for the approved projects are to be provided through loans from the Government of India on terms decided by Ministry of Finance.

- Renovation, modernization and strengthening of 11 kV level substations, transformers/transformer centres, re-conductoring of lines at 11 kV and lower levels,

urban-rural load bifurcation, feeder separation, load balancing, HVDS (11 kV); laying aerial bunched conductor in high population-density areas; replacement of electromagnetic energy meters with tamper-proof electronic meters; installation of capacitor banks and establishing mobile service centres.

Initially, up to 25% funds for the projects are to be provided through loans from the Government of India on terms decided by Ministry of Finance. For special category states, loan amount would be 90% of the project cost. However, the project-wise requirement of gross budgetary support is to be decided by a Steering Committee. The remaining funds are to be raised from financial institutions.

- Funding of activities related to promoting reforms in the power sector.

Guided by various regulatory and policy initiatives for efficiency improvements in the distribution sector, several Public Private Partnership (PPP) models have been proposed. Successful PPP models include first corporate distribution franchise model in Bhiwandi and distributed-generation based franchise in Pune. The franchise model is being promoted by state governments that are keen to improve their networks and collection efficiencies without complete privatisation. Private companies have also shown interest in distribution franchises offered by several states.

In April 2005, the Government of India launched the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY), a scheme for developing rural electricity infrastructure and household electrification. The scheme is aimed at providing access to electricity to all households in five years. Rural Electrification Corporation (REC) is the nodal agency for implementation of the scheme. As of May 2010, about 83% of targeted villages had been provided electric connection. With access to basic connectivity, the actual electricity demand growth is expected to multiply rapidly in the coming years.

#### *Power Demand-Supply*

The industrial segment is the largest electricity demand generator and accounts for 45.9% of total consumption. Agricultural, commercial and domestic consumers account for another 18.0%, 8.1% and 20.9%, respectively.

At an average GDP growth rate of 8%, the overall demand is expected to increase to about 1,524 billion kWh in 2016-17 and to 3,880 billion kWh by 2031-32.

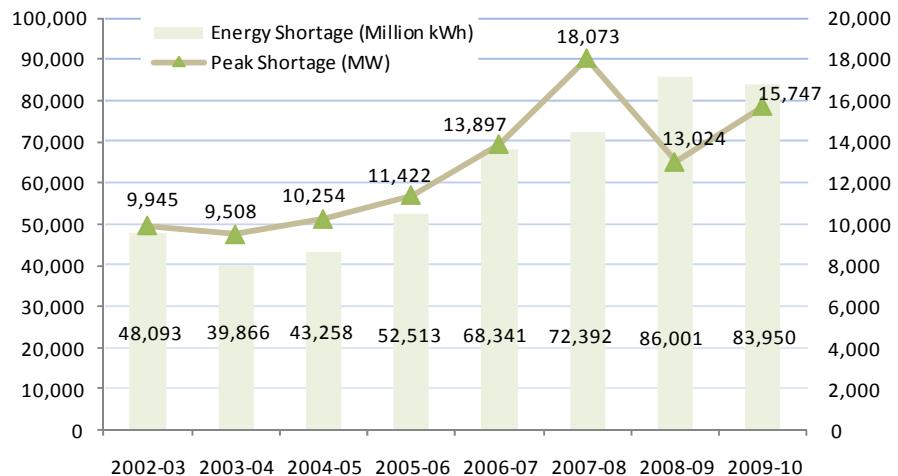
**Table 4: Projected Electricity Demand**

GDP growth at	Energy Requirement (Billion kWh)		Peak Demand (GW)		Installed Capacity Required (GW)	
	8.0%	9.0%	8.0%	9.0%	8.0%	9.0%
2003-04	633	633	89	89	131	131
2006-07	761	774	107	109	153	155
2011-12	1,097	1,167	158	168	220	233
2016-17	1,524	1,687	226	250	306	337
2021-22	2,118	2,438	323	372	425	488
2026-27	2,866	3,423	437	522	575	685
2031-32	3,880	4,806	592	733	778	960

(Source: IMaCS Research)

For the past two decades, India has had to face increasing deficit in power supply. Peak shortages affect industrial margins adversely and lead to grid instability if not managed properly. The average all-India shortages in 2009-10 were at 10% for normal energy requirement and about 13% for peak load.

**Figure 3: Electricity Shortage**



(Source: IMaCS Research)

Though the target set for capacity addition during the Eleventh Plan period is 78,700 MW, only 62,000 MW is expected to be added by the end of the period.

#### *Growth Drivers and Key Trends*

**The growth drivers for the transmission and distribution segment growth are as follows:**

- Population growth rate of 1.5% per annum, Gross Domestic Product (GDP) growth rate of 8-9%, a growing middle-class, urbanisation and spread of economic prosperity in the small and large urban areas, employment guarantee programmes for rural population, highly competitive consumer goods market, good telecommunication infrastructure and improved other infrastructure, greater industrial activity than ever before - are all indicators of a rapidly growing electricity market.
- Projected demand for electricity is expected to increase from 633 billion kWh in 2005-06 to 3,880 billion kWh in 2031-32 (CAGR of 7.5%).
- Rural electrification schemes under the RGGVY provide significant scope for private players to participate in expanding the distribution market. The Government's planned annual allocations towards RGGVY have increased over successive years.
- In the urban areas, R-APDRP is the key driver of distribution projects.
- The distribution franchise model adopted in some areas of Maharashtra, also provide scope for expansion. Several other states are interested in developing such models for distribution systems up gradation.
- In order to mobilise resources from private sector, the Government of India issued guidelines for private sector participation in transmission sector in January 2000.
- It is estimated that to transmit to consumers the increased generation capacity, as envisaged in Eleventh Plan, a matching distribution network of about 1,500,000 ckm of 33 kV, 11 kV and LV lines and 292,000 MVA of distribution transformer capacity will be needed.
- Installation of capacitors and re-conductoring of sub-transmission / distribution network of about 3,000,000 ckm, and augmentation of distribution capacity of 198,000 MVA of various sub-stations would also be required.
- Power distribution reforms are a fundamental requirement for improving commercial performance, achieving financial viability and, attracting public and private investment.
- CERC and SERCs have a key role in market development through regulated tariffs in a manner that benefits the consumer on one hand and improves the financial health of utilities on the other.
- Several policy initiatives that have a direct bearing on the transmission and distribution segments include the Electricity Act, 2003, the National Electricity Policy, 2005, the

National Tariff Policy, 2006, Renewable Power policies, the Mega Power and Ultra-Mega Power policies and the New Hydropower Policy, 2008.

- Open access for power transmission and distribution is a key feature of the Electricity Act, 2003, which enables better use of spare line capacities to transmit power from diverse generation points to load centres.
- Power trading through the open access system allows freedom to buy and sell electricity.
- Power exchanges have come up to facilitate price discovery.
- Regional cooperation with neighbouring countries offers potential for cross-border electricity transmission.
- Pakistan and Bangladesh have gas-based power generation, while Nepal and Bhutan have abundant potential for hydropower.
- India is in the process of upgrading transmission lines from Nepal and Bhutan to West Bengal, Bihar and Uttar Pradesh.
- MPPs have a role in supplying a combination of steady and peak-load power supply.
- Private sector interest in power stems from the possibility of selling power at high prices in the present supply-constrained scenario.
- The country has an estimated renewable energy potential of 222,000 MW. Of this, grid connected potential is 132,000 MW. As of March 2010, the actual installed capacity was 17,222 MW, of which grid connected capacity was 16,817 MW.
- Several state and central governments have provided incentives for promotion renewable energy such as preferential purchase rates, obligations for distribution companies to purchase renewable power up to 10% of the total energy sourced, tax holidays, capital subsidies, import duty exemptions and accelerated depreciation.

**The key market trends are as follows:**

- In the Union Budget 2008-09, the government reduced custom duty on project imports by 5%.
- The Budget also emphasised on increasing the pace of power generation capacity addition and continuing the reform process in power distribution.
- The initiatives in this respect include developing eight UMPP projects, each with a capacity of 4,000 MW, and allocated on the basis of competitive bidding as well as augmenting capacities in generation, transmission and distribution systems.
- In 2009-2010, total production of power and distribution transformers in India was estimated at 176,427 MVA. The production increased at about 17% during the period 2004-2010.
- Production of transmission towers increased at an average rate of 17.4% during the period 2004-2009 from 283,000 tonnes to 537,000 tonnes. The rate of increase in exports was 43.5%.
- In the period between 2004-05 and 2009-2010, production of cables and wires in India has increased significantly. Cable imports increased 28.8% during this period.

**Table 5: Cables and Wires Industry Growth**

	Unit	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	CAGR
ACSR/AAC	Tonnes	27,625	28,057	26,848	16,187	17,407	34,605	4.6%
Winding Wires	Tonnes	20,959	24,413	25,384	28,849	30,104	31,621	8.6%
Insulated Cables	Billion km	7,408	8,960	8,169	25,797	57,028	96,509	67.1%
Telecom. Cables	Million metres	16,488	14,027	7,119	8,013	7,073	5,579	-19.5%
Exports	US\$ Million	95.3	163.7	324.8	430.7	516.8	-	52.6%
Imports	US\$ Million	311.4	350.4	488.0	917.8	857.4	-	28.8%

ACSR - Aluminium Conductors Steel Reinforced, AAC - All Aluminium Conductors

(Source: IMaCS Research)

- Poor power supply in rural areas and frequent load shedding in industrial areas are the key drivers of demand for industrial diesel engines in India. In 2009-2010, the total production of diesel engines in India was estimated at 3.39 million units.

- In 2008-09, the total production of capacitors in India was 19,413 MVar. Since 2005-06, production has increased by over 24%.
- The total production of energy meters in India in 2009-2010 was 16,145 units with an average growth rate of 19% during the period, 2004-2010.

### *Competitive Environment and Key Players*

The power transmission segment is mainly in the hands of state transmission utilities for intra-state power transmission while inter-state and inter-regional transmission is controlled by Power Grid Corporation of India Limited (PGCIL), which is the biggest driver of new transmission projects in the country and the associated engineering, procurement and construction (EPC) contracting and sub-contracting industries.

**Table 6: Power Grid Corporation of India Limited**

#### **PGCIL - A Snapshot**

- PGCIL acquired its initial network assets in 1992.
- Subsequently, the Government of India acquired and transferred power transmission infrastructure of four of India's largest power generating companies to PGCIL, through the Power Transmission Systems Ordinance.
- Transmission assets from other central generating companies were also transferred subsequently. Now, PGCIL's network has expanded across India.
- Since 1992, PGCIL has completed 101 transmission projects, valued at about Rs 251.8 billion.
- It is the central transmission utility, a "Navaratna" category of public-sector company, and among the leading global power transmission utilities in terms of infrastructure with 79,556 ckm and 132 substations as of September 2010.
- The company's assets were valued at Rs 477.4 million as of September 2010. At the high and extra-high voltage transmission levels, it carries 51% of the generated power across the country with a transformation capacity of 89,170 MVA and inter-regional capacity of 27,950 MW.
- PGCIL undertakes most of its transmission projects through contractors, although under its supervision and quality control.
- As of September 30, 2010, PGCIL had 68 transmission projects at several stages of implementation with an approved cost of Rs 812.9 billion.
- These projects involve 45,750 ckm of transmission lines and 65 new substations including 15 new 765 KV substations and three HVDC stations with a total power transformation capacity of 111,770 MVA.
- In the Eleventh Five-Year Plan period, the company intends to invest Rs 550 billion towards expansion of transmission network and grid strengthening and preparation of feasibility reports for UMPPs.
- In the seven years from 2010, PGCIL plans to invest Rs 1,000 billion on T&D networks.

*(Source: IMaCS Research)*

In addition to PGCIL, there are some private players such as Tata Power, Torrent Power and Reliance Power, which have recently entered the transmission segment, either as independent operators of small line sections connecting their power plants to the grid or as joint venture partners for development of new lines.

The power distribution segment is mainly controlled by state utilities, although there are private operators who control distribution in Delhi and Orissa and some of the major cities of the country. Tata Power, Reliance Energy, CESC, NOIDA Power, Dishergarh Power and Torrent Power are some of the major private sector operators.

An analysis of capital expenditure incurred by distribution utilities indicates that in 2008-09, capital expenditure of power distribution utilities and SEBs in the Northern region accounted for 45% of the total capital expenditure of all distribution utilities. During the period, 2006-09, the average annual growth in capital expenditure was about

17%. Some of the states with high capital expenditure in 2008-09 included Chhattisgarh, Maharashtra, Tamil Nadu and Rajasthan.

**Table 7: Region-wise Capital Expenditure by Distribution Utilities and SEBs (Rs Million)**

	2006-07	2007-08	2008-09
East	3,620	20,100	15,740
North-East	11,550	10,150	11,070
North	87,040	113,290	121,640
South	49,900	57,880	66,610
West	44,600	41,860	54,050
<b>Total</b>	<b>196,710</b>	<b>243,280</b>	<b>269,110</b>

(Source: IMaCS Research)

#### *Outlook*

Electricity demand is a function of consumer demand. However, energy requirement may vary with factors such as seasonal changes, improvement in technology of power generation and consumption, regional distribution of consumer segments, prices, structural changes in the economy and per capita income.

The CEA estimates an energy requirement of 7.52% in the Twelfth Five-Year Plan period and 6.58% in the Thirteenth Five-Year Plan period. Peak load demand is expected to be 7.39% and 6.45%, respectively.

**Table 8: Projected Growth Rates (CAGR %)**

	2012-17	2017-22
Electrical energy requirement	7.52	6.58
Peak load	7.39	6.45
Energy consumption	8.45	7.04

(Source: IMaCS Research)

For a rupee invested in setting up new power generation capacity, at least, an equal investment is required in transmission and distribution. It is estimated that to transmit the increased generation capacity of 78,000 MW, as envisaged in the Eleventh Five-Year Plan period, the matching distribution network requirement is about 1,500,000 ckm of 33 kV, 11 kV and LV lines and 292,000 MVA of distribution transformer capacity. Going by a capacity addition plan of another 100,000-120,000 MW in the Twelfth Plan period, the matching requirement is likely to increase by about 30%. In addition, sub-transmission and distribution network augmentation, re-conductoring and sub-station upgradation works are expected to continue through 2012-17.

## B. BUSINESS OVERVIEW

*The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in the Draft Red Herring Prospectus, including the information contained in the section entitled "Risk Factors" beginning on page 12 of the Draft Red Herring Prospectus. In this section, a reference to the "Company/VPL" means 'Vishwanath Projects Limited'. Unless the context otherwise requires, references to "we", "us", or "our" refers to 'VPL'.*

Vishwanath Projects Limited ("VPL") provides customized turnkey services to the major power utilities in creation of infrastructure and augmentation of the existing system. VPL has relevant experience in the power utilities and has created its identity as a diversified player by providing services to various power transmission and distribution companies across the states in India for setting up different categories of Transmission lines, sub-stations, Feeder separation and conversions of low voltage distribution system into high voltage distribution systems.

The Company Quality Management System has been certified to be in compliance with ISO 9001:2008 by TUV SUD South Asia Private Limited.

As a turnkey service provider, the Company offers various services including survey, design, structural orientation, supply of materials, installation, erection, testing and commissioning as per the clients' specifications.

Currently, the Company is executing works in five major states of the country, i.e. Andhra Pradesh; Maharashtra; Madhya Pradesh; Karnataka and Tripura.

VPL possess required tooling resources to assist in taking up an assortment of Turnkey Projects for Power Substations. These resources coupled with the workforce allows the Company to take up the work of Erection, Testing and Commissioning of Sub-station up to 440 kV Class. The complete erection and commissioning work is done under the guidance of engineers, ensuring quality delivery. All the required steps are followed for proper documentation of project management and quality audit & safety procedures throughout the execution of the project.

For the fiscal year 2010 and 2009, VPL's contract revenue was ₹ 10170.15 lakhs and ₹ 6031.87 lakhs respectively representing an annual growth rate of over 68%. VPL's net profit for fiscal 2010 and 2009 was ₹ 653.68 lakhs and ₹ 270.90 lakhs respectively representing an annual growth rate of over 141%. For seven months ended October 31, 2010 VPL's contract revenue was ₹ 4575.26 lakhs and net profit was ₹ 322.64 lakhs.

The Company's project delivery is based on professional and skilled manpower that it has. As on March 31, 2011, the Company has 112 people on the payrolls.

### Major Customers

The following are the major customers of the Company and the gross turnover of them during the FY 09-10

S.No	Particular	Amount ₹.in Lakhs)
1	MSEDCL - Chandrapur	1446.75
2	APCPDCL - Nalgonda	1362. 78
3	MPMKVVCL - Gwalior (Shivpur and Morena)	1127.57
4	MPMKVVCL -Bhopal (Betul and Hosangabad)	877.68
5	APNPDCL - Jagityal	667.02
6	MPPKVCL - Indore	614.72
7	APEPDCL - Srikakulam	592.97

8	APCPDCL - Medak	400.00
9	APNPDCL - Karimnagar	356.95
10	APEPDCL - Vizianagaram	309.17

**Competitive Strengths:**

The Company believes that its principal competitive strengths are as follows:

**Project Execution capabilities**

The Company has been providing customized turnkey services to the major power utilities in creation of Infrastructure and Augmentation of the existing system. Over the years the Company has gained experience and expertise in providing services to various power transmission and distribution companies across the states in India for setting up different categories of Transmission lines, Sub-stations, Feeder separation and conversions of low voltage distribution system into high voltage distribution systems. The main requirements for thorough Project execution are management, personnel and equipment. The Company's management team is qualified and experienced in its business area, and has substantially contributed to the growth of its operations. Each site is under the direct supervision of a senior employee which ensures adequate control and faster decision making.

**Presence of the Company's business across various States of India**

The Company has an order book of ₹11321.01 Lakhs consists of diverse orders across various clients' and geographical locations. It is present in Andhra Pradesh, Maharashtra, Madhya Pradesh, Tripura and Karnataka. Through this geographic diversity, it is able to mitigate the risks associated with overdependence on a single geographical location.

**Pre-qualification credentials and continuous growth in the bid capacity**

Pre-qualification is a basic requirement in this industry. Pre-qualification capability includes various factors such as technical capability, financial capability and past experience in the similar projects. The Company has focused on increasing these parameters and continuously increased its bid capacity. Its track record of over 5 years enables it to meet customers' pre qualification requirement either independently or in association with joint-venture partners.

**Strategically positioned to realize opportunities in the infrastructure sector**

Infrastructure growth in India has been propelled in the past decade with power reforms and benefits extended by the government, which has been accompanied by a host of private investments. Increased allocation of resources to the infrastructure sector, facilitation of incremental lending to the infrastructure sector and increased social sector projects benefiting infrastructure development are contemplated as part of the current five year plan. The Company believes that the increasing level of investment in infrastructure by central and state governments and private industry will be a major growth driver for its business in the future and its demonstrated expertise and experience in the infrastructure segment will provide it with a significant advantage in pursuing such opportunities. The Company believes that it is in an advantageous position because of its operating history, industry knowledge, experience and familiarity with the sector.

**Business Strategy**

**Leverage the expertise and focus on new territories**

The key managerial team has requisite qualification and vast experience such as planning, procurement, design and the understanding of the power utilities sector. The Company will constantly endeavour to leverage its project management capabilities to increase productivity and maximize asset utilization. VPL also intends to expand its services to other states in India and overseas in distribution and transmission sectors.

**Form alliances with reputed and large players**

The Company plans to establish, develop and maintain strategic alliances to increase pre-qualification and bid capacity for large projects. It would also continue to form project specific joint ventures with large domestic and international players whose resources, skills and strategies are complementary to its business and would also help to explore newer markets. The Company shall continue to develop and maintain its relationships and alliances.

**Improve performance and enhance returns for the business**

The Company shall continue to focus in enhancing project execution capabilities so as to derive twin benefits of client satisfaction and improvements in operating margins. It will constantly endeavour to leverage its operating skills through latest equipment and project management tools to increase productivity and maximize asset utilization.

***Focus on high value projects to benefit from economies of scale***

The Company intends to focus on undertaking projects having a high order value. Projects having a high order value typically have a smaller percentage of overhead cost as a percentage to total cost and therefore provide a greater potential for good profit margins.

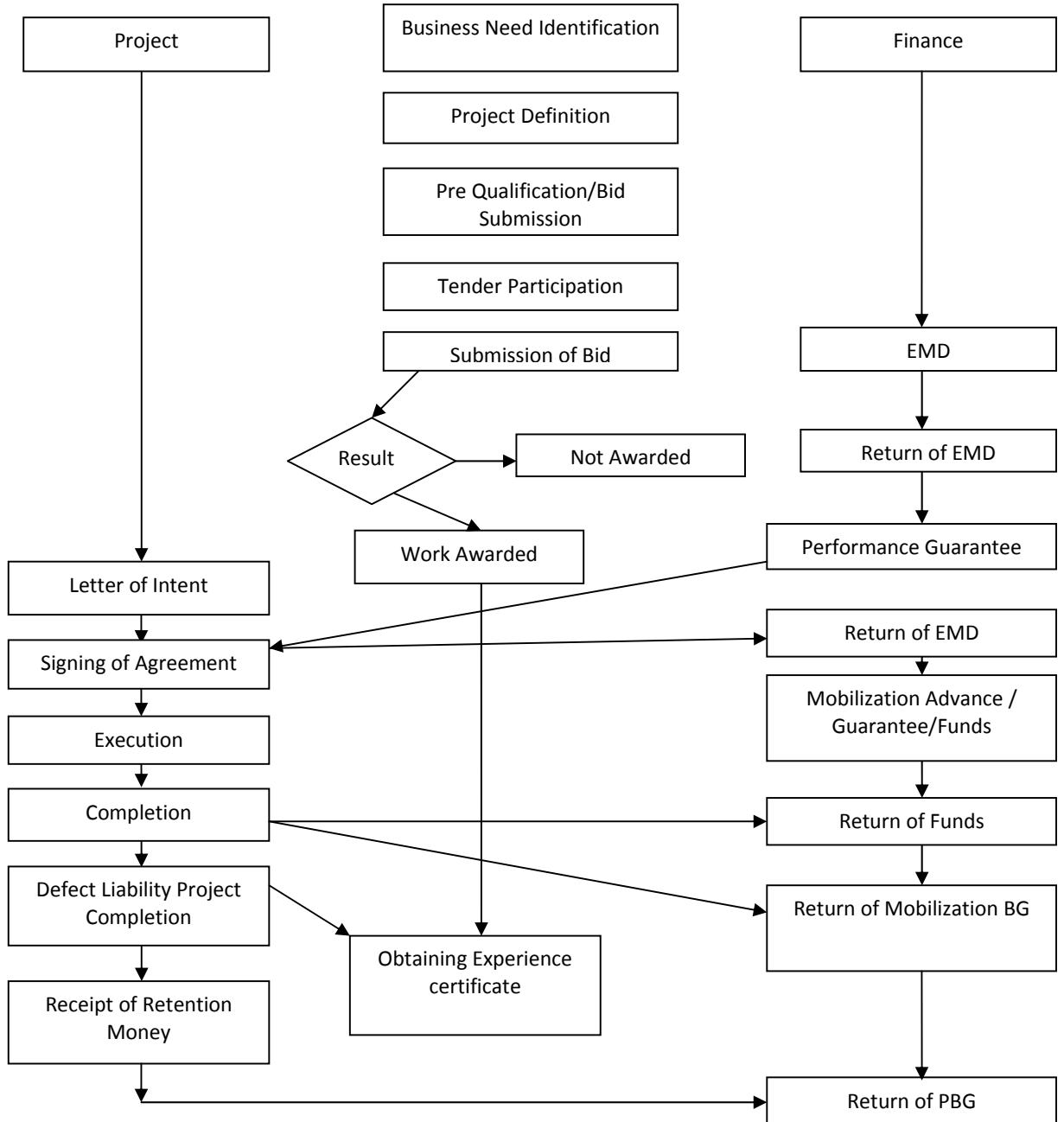
Projects having a high order value are also, in the current market, subject to less competition. The prequalification and financial entry barriers for pursuing such projects result in a limited number of competitors being able to bid for such projects. As the Company's financial condition and pre-qualification capabilities have improved in recent years, the average bidding value has steadily increased. Even though it is still a small company, it aims to enter into Joint Ventures on a need and case to case basis to mitigate its inadequacies and meet the parameters laid down for high value projects. It aims to firmly establish itself as a player in the large order size sector by successfully executing high order value projects so that it can take advantage of these higher barriers to entry, lower levels of competition and higher profit margins.

***Focus on International opportunities***

In pursuing its strategies, the company seeks to identify additional markets where it believes it can provide cost and operational advantages to its clients and distinguish itself from other competitors. The Company believes that there are substantial opportunities in South Asia, South East Asia and African countries. To further exploit the potential for growth in international markets the Company intends to set up offices in various countries. A competitive cost of equipment as well as human resources in India gives it an additional advantage to compete in the International arena.

### Project Cycle

The construction projects go through a series of events right from the expression of interest by the client till the handing over the project to the client. A schematic representation of the event is given below



## **Project Life cycle**

A typical project cycle can be divided into two distinct phases. The first phase begins with the identification of the opportunity and ends with the execution of the construction contract. The second phase begins with the execution of the construction contract and ends with the end of the defect liability period following the completion of the project

### **Phase I**

- Expression of interest published in a newspaper or in any other media or sent directly to the contractor by the client.
- Response from the contractor in the form of a request for qualification or pre-qualification (RFQ)
- Invitation from the client to the contractor to submit a request for proposal (RFP)
- Submission of a RFP
- Circulation of a tender document by the client
- Site visit by the contractor with an opportunity to the contractor to seek responses to any pre-bid questions
- Completion of all related post-qualification technical documents and the submission of a financial bid by the contractor
- Submission of the tender along with an earnest money deposit (EMD)
- Award of the contract, issue of a letter of intent (LOI) and refund of the EMD
- Payment of a mobilization advance by the client and following the receipt of which the contractor commences preparations for execution of the project
- Execution of the construction contract together with the submission of a performance guarantee and financial guarantee in respect of the mobilization advance from the contractor.

### **Phase II**

#### **Execution of Project**

- Preparation by the contractor of a detailed project execution plan
- Preparation by the contractor of detailed resource and expenditure plans
- Mobilization by the contractor of resources
- Procurement by the contractor of equipment and raw materials required for the project
- Execution by the contractor in accordance with the terms of the construction contract and the execution plan.
- Raising of periodic invoices by the contractor in accordance with the terms of the construction contract

#### **Completion of the project**

- Implementation by the contractor of all project completion activities
- Receipt by the contractor of the final payment due to it subject to any retention amounts in respect of the defect liability period or the provision of a bank guarantee in respect of such retention amounts
- Provision of a completion certificate by the client, if requested
- Provision of a hand over certificate by the contractor, if requested.

### **Business Development & Tendering**

The business development department is responsible for identifying business opportunities resulting in enhancing the range & number of projects which the Company bids for. The Company enters into contracts primarily through an open competitive bidding process. Government and other clients typically advertise proposed projects in leading news papers or on their websites. The tendering department regularly reviews newspapers and websites to identify new projects that could be suitable to the Company. The head of the tendering department evaluates bid opportunities and discusses internally with the top management on whether the Company should pursue a particular project based on various factors, including the client's reputation and financial strength, the geographic location of the project and the degree of difficulty in executing the project in such location once the Company has identified projects that meets the criteria, the tender application is submitted to the client according to the procedures set forth in the document.

The Company has a centralized tendering department that is responsible for managing the process of responding to tenders. Upon being advised of a suitable tender, the department engages in carrying out a preliminary evaluation of the project, including conducting site visit and reviewing the terms of the tender. Further the Company may also undertake local market surveys to assess the availability , rates and prices of materials, which are difficult to transport and the availability of other resources like labour in that particular region. Cost determination, pricing and tender workings for all projects are handled by the tendering department under guidance of the top management.

The Company representatives attend the pre-bid meetings convened by the clients, during which they raise any queries or requests for amendments to certain conditions of the proposed contract. Any ambiguities or inconsistencies in the document issued by the client are brought to the attention of the client for further clarification.

The tendering department invites quotations from vendors, sub-contractors and specialist agencies for various items or activities in respect of the tender. The quotations are then analyzed to arrive at the cost of items included in the Bill of Quantities (BOQ). After analysis and evaluation the estimated bid price is arrived at for the purpose of filing the tender.

The client may choose to invite bids through a post-qualification process where in the contractor is required to submit the financial bid along with the information mentioned above in two separate envelopes. In such a situation, the client typically evaluates the technical bid or prequalification application initially and then opens the financial bids only to those contractors who meet the stipulated criteria.

### **Project-Specific Joint Ventures and Strategic Alliances**

Generally, the Company bid for projects as the sole contractor of the project with full responsibility for the entire project, including, if required, the overall responsibility and sole discretion to select and supervise subcontractors. On certain large projects that require commitment of resources far in excess of those which are currently available, such as financial strength, equipment, manpower or local content resources, or when the Company wishes to diversify the risk on a particularly large project, the Company seeks to make alliances through the formation project-specific joint ventures with other contracting, engineering and construction companies.

In a project-specific joint venture, each member of the joint venture shares the risks and revenues of the project according to a predetermined agreement. The agreements specifically assign the work to be performed by each party and the responsibilities of each party with respect to the joint venture, including how the joint venture will be managed and the equipment, personnel or other assets that each party will contribute or make available to the joint venture. The profits and losses of the joint venture are shared among the members according to a predetermined ratio. The agreements also set forth the manner in which any

disputes among the members will be resolved. The construction contracts that the joint ventures enter into, or the joint ventures themselves, typically impose joint and several liabilities on the members. Thus, should the other member(s) of the Company's joint ventures default on its or their duties to perform; the Company would remain liable for the completion of the project. The project-specific joint venture typically terminates at the completion of the defect liability period, at which point the project-specific joint venture liquidates and dissolves.

The major power sector customers include public power utilities of various state governments such as APTRANSCO etc. The Company has developed good customer relations by completion of the projects in time with utmost quality, to the satisfaction of the customer.

The Company has bid for many other project in the capacity of the Joint Venture and if the contract is awarded, the winning Joint Venture shall work collectively on the project

#### **Construction & Project execution**

The Company begins execution on a project upon receiving the work order from the client. Based on the contract document, a detail schedule milestones/PERT chart of construction activities is prepared. The schedule identifies interim milestones if any, stipulated in the contract with corresponding time schedules. The Company's mobilization activities involve transporting material, equipment and personnel to the project site.

The project execution teams are headed by a project manager/ project engineer. The scope of each project may vary vastly depending on the nature and complexity of the activity being created.

Once the project is substantially complete, the Company and the client jointly inspect the project to begin the process of handing over the project to the client. Once satisfied, the client prepares a "project completion certificate", which signifies the commencement of the defects liability period of the maintenance period.

#### **Procurement/Raw materials**

The Company believes that procurement of suitable quality material at competitive prices & adequate supply of material to project sites are critical to the Company's success & profitability in business. The equipment and other material comprises of 65-75% of the total cost. The Company has a team of experienced personnel who are responsible for procurement and the logistics to ensure timely availability of material at each of the project sites. Upon award of a contract, the purchase department is provided with the project details along with the budgeted rates for material, services and equipment. The material, services and equipment required for projects are estimated by the engineering personnel from the individual project sites and then passed on to the purchase department along with the schedule of requirements.

The Company has over the years developed relationships with a number of vendors for key material, services and equipment. The Company has also developed an extensive vendor database for various materials and services. Over and above the quotations received at the time of bidding, the purchase department invites quotations from additional vendors, if required. Vendors are invited to negotiate before finalizing the terms and prices. The materials ordered are provided to the sites from time to time as per their scheduled requirements. The Company maintains material procurement, tracking and control systems, which enable monitoring of purchases.

**Order book**

The projects which are currently being executed by the Company are listed below:

(₹ in Lakhs)

S.No	Name of the Agency	Project details	State	Contract value	Value of Work Done as of March 31, 2011	Balance work to be done
1	Northern Power Distribution Company Of Andhra Pradesh Limited	Conversion of low voltage distribution system network of 210 nos. 100/63 kva DTRs into HVDS utilising the same lines and erecting 1875 Nos. 16/25 kva 3-ph DTRs in Karimnagar rural sub division in Karimnagar division	Andhra Pradesh	1,803.63	1,401.30	402.33
2	Northern Power Distribution Company Of Andhra Pradesh Limited	Conversion of low voltage distribution system network of 206 nos. 100/63 kva DTRs into HVDS utilising the same lines and erecting 1479 Nos. 16/25 kva 3-ph DTRs in Jagityal division of Karimnagar	Andhra Pradesh	1,739.60	1,300.96	438.64
3	Madhya Pradesh Paschim Kshetra Vidyut Vitran Company Limited, Indore	Design, Manufacture, Pre-despatch Inspection, Testing and Supply of Materials for construction of New 33/11 KV Sub-station at various locations in Indore region. (SUPPLY PORTION)	Madhya Pradesh	2,251.97	2,247.29	4.68
4	Madhya Pradesh Paschim Kshetra Vidyut Vitran Company Limited, Indore	Dispatch, Transportation, Insurance, Receipt, Erection, Storage, Testing and Commissioning of Construction of New 33/11 KV Sub-station at various locations in Indore region. (ERECTION PORTION)	Madhya Pradesh	170.65	153.69	16.96
5	Central Power Distribution Company Of Andhra Pradesh Limited	Conversion of Low Voltage Distribution System to High Voltage Distribution System for selected agricultural feeders in Nalgonda District under 100% turnkey basis	Andhra Pradesh	5,000.00	4,365.43	634.57
6	Maharashtra State Electricity Distribution Company Limited	Works for Supply, transport, construction, erection, testing and commissioning of new 33/11 kv substations, augmentation of sub-station 33 kv lines, 11 kv lines and allied works for removal of agricultural pumps backlog - T-11	Maharashtra	923.62	867.40	56.22

7	Maharashtra State Electricity Distribution Company Limited	Works for Supply, transport, construction, erection, testing and commissioning of new 33/11 kv sub stations, 33 kv lines, 11 kv lines and allied works for removal of agricultural pumps backlog - T-13	Maharashtra	595.85	502.10	93.75
8	Maharashtra State Electricity Distribution Company Limited	Works for Supply, transport, construction, erection, testing and commissioning of new 33/11 kv sub stations, 33 kv lines, 11 kv lines and allied works for removal of agricultural pumps backlog - T-14	Maharashtra	576.13	548.06	28.07
9	Maharashtra State Electricity Distribution Company Limited	Works for Supply, transport, construction, erection, testing and commissioning of new 33/11 kv sub stations, 33 kv lines, 11 kv lines and allied works for removal of agricultural pumps backlog - T-15	Maharashtra	708.62	708.62	--
10	Northern Power Distribution Company Of Andhra Pradesh Limited	Erection of 5 nos. 33/11KV substation with connected 33KV & 11 KV lines at Jallalpur, Sunket, Jankampet, Mandora and Kondur in Armoor Division of Nizamabad District	Andhra Pradesh	181.08	154.22	26.86
11	Northern Power Distribution Company Of Andhra Pradesh Limited	Execution of Conversion of Low Voltage Distribution System Network of 173 nos. 100/63 kva DTRS into High Voltage Distribution System utilising the same lines and erecting 944 nos. 16/25 kva 3-ph DTRS in Jangaon and C & O Warangal Divisions of Warangal District	Andhra Pradesh	812.02	354.46	457.56
12*	Karnataka Power Transmission Corporation Limited	Combined package of establishing of 1x10MVA, 110/11 KVA and 1x20MVA, 110/33 KV sub stations at Dongaragaon - and construction of 110KV SC line on DC towers from the existing 110KV santhpur substation to the proposed 110/33-11KV sub station at Dongaragoan for a distance of 18.895 kms along with 110KV terminal bay at 110KV santhpur sub-station in Aurad taluk, Bidar district on total turnkey basis including supply of all materials equipments and erection of all materials testing and commissioning. (SUPPLY OF	Karnataka	759.59	462.82	296.77

		EQUIPMENTS/ PORTION INCLUDING MANDATORY SPARES)	MATERIALS				
13*	Karnataka Power Transmission Corporation Limited	Combined package of establishing of 1x10MVA, 110/11 KVA and 1x20MVA, 110/33 KV sub stations at Dongaragaon - and construction of 110KV SC line on DC towers from the existing 110KV santhpur substation to the proposed 110/33-11KV sub station at Dongaragoan for a distance of 18.895 kms along with 110KV terminal bay at 110KV santhpur sub-station in Aurad taluk, Bidar district on total turnkey basis including supply of all materials equipments and erection of all materials testing and commissioning. (CIVIL WORKS)	Karnatak a	91.96	-	91.96	
14*	Karnataka Power Transmission Corporation Limited	Combined package of establishing of 1x10MVA, 110/11 KVA and 1x20MVA, 110/33 KV sub stations at Dongaragaon - and construction of 110KV SC line on DC towers from the existing 110KV santhpur substation to the proposed 110/33-11KV sub station at Dongaragoan for a distance of 18.895 kms along with 110KV terminal bay at 110KV santhpur sub-station in Aurad taluk, Bidar district on total turnkey basis including supply of all materials equipments and erection of all materials testing and commissioning. (ERECTION PORTION)	Karnatak a	43.05	21.09	21.96	
15*	Karnataka Power Transmission Corporation Limited	Combined package of up gradation of existing 2x5 MVA, 33/11 KV substation to 1x20 MVA, 110/33 KV and 1x10 MVA, 110/11 KV sub stations at Wadegeera and construction of 110KV SC line on DC towers from 110/33/11KV substation at khanapura to the proposed 110/33/11 KV at wadegeera for a distance of 20.57Kms along with terminal bay at khanapura 110/33/11KV substation in shahpur taluk gulbarga district on total turnkey basis including supply of equipment/materials	Karnatak a	819.30	764.34	54.96	

		and erection. (SUPPLY OF EQUIPMENTS/ MATERIALS PORTION INCLUDING MANDATORY SPARES)				
16*	Karnataka Power Transmission Corporation Limited	Combined package of up gradation of existing 2x5 MVA, 33/11 KV substation to 1x20 MVA, 110/33 KV and 1x10 MVA, 110/11 KV sub stations at Wadegeera and construction of 110KV SC line on DC towers from 110/33/11KV substation at khanapura to the proposed 110/33/11 KV at wadegeera for a distance of 20.57Kms along with terminal bay at khanapura 110/33/11KV substation in shahpur taluk gulbarga district on total turnkey basis including supply of equipment/materials and erection. (CIVIL WORKS)	Karnatak a	105.26	--	105.26
17*	Karnataka Power Transmission Corporation Limited	Combined package of up gradation of existing 2x5 MVA, 33/11 KV substation to 1x20 MVA, 110/33 KV and 1x10 MVA, 110/11 KV sub stations at Wadegeera and construction of 110KV SC line on DC towers from 110/33/11KV substation at khanapura to the proposed 110/33/11 KV at Wadegeera for a distance of 20.57Kms along with terminal bay at khanapura 110/33/11KV substation in shahpur taluk gulbarga district on total turnkey basis including supply of equipment/materials and erection. (ERECTION PORTION)	Karnatak a	38.67	21.92	16.75
18*	Karnataka Power Transmission Corporation Limited	Combined package of Upgradation of Existing 2x5MVA, 33/11 KV Substation to 1x10 MVA, 110/11 KV substation at Gurmitkal and construction of 110 KV SC Line on DC towers with Lynx ACSR conductor from 220/110/33/11KV station at Sedam to the proposed 110KV Sub station at Gurmitkal for a distance of 37.189 kms along with 110KV terminal bay at 220/110/33/11 KV station at Sedam in Yadgir taluk, Gulbarga District on total turnkey basis including supply of all materials/ equipment and erection. (SUPPLY OF	Karnatak a	835.60	364.50	471.10

		EQUIPMENT /MATERIAL PORTION INCLUDING MANDATORY SPARES)				
19*	Karnataka Power Transmission Corporation Limited	Combined package of Upgradation of Existing 2x5MVA, 33/11 KV Substation to 1x10 MVA, 110/11 KV substation at Gurmitkal and construction of 110 KV SC Line on DC towers with Lynx ACSR conductor from 220/110/33/11KV station at Sedam to the proposed 110KV Sub station at Gurmitkal for a distance of 37.189 kms along with 110KV terminal bay at 220/110/33/11 KV station at Sedam in Yadgir taluk, Gulbarga District on total turnkey basis including supply of all materials/ equipment and erection. (CIVIL WORKS)	Karnatak a	147.40	--	147.40
20*	Karnataka Power Transmission Corporation Limited	Combined package of Upgradation of Existing 2x5MVA, 33/11 KV Substation to 1x10 MVA, 110/11 KV substation at Gurmitkal and construction of 110 KV SC Line on DC towers with Lynx ACSR conductor from 220/110/33/11KV station at Sedam to the proposed 110KV Sub station at Gurmitkal for a distance of 37.189 kms along with 110KV terminal bay at 220/110/33/11 KV station at Sedam in Yadgir taluk, Gulbarga District on total turnkey basis including supply of all materials/ equipment and erection. (ERECTION WORKS)	Karnatak a	67.17	--	67.17
21	National Projects Construction Corporation Limited	Construction of Flood Lighting along Indo-Bangladesh Border in Tripura State - TELIFL-III	Tripura	295.17	254.80	40.37
22	National Projects Construction Corporation Limited	Construction of Flood Lighting along Indo-Bangladesh Border in Tripura State - TELIFL-VII	Tripura	405.80	362.80	43.00
23	National Projects Construction Corporation Limited	Construction of Flood Lighting along Indo-Bangladesh Border in Tripura State - UDAIFL-XI	Tripura	345.73	293.90	51.83
24	Eastern Power Distribution Company Of Andhra	APEPDCL- Jaggampet (conversion of existing LV network into high voltage	Andhra Pradesh	2,027.98	-	2,027.98

	Pradesh Limited	distribution system (HVDS)by utilizing lower capacity 3-ph distribution transformers of 16/25/40KVA capacity on 100% turnkey basis in Jaggampeta of east Godavari district				
25	Central Power Distribution Company Of Andhra Pradesh Limited	To execute Erection, testing and commissioning of 2Nos. 33/11Kv sub-stations with connected 33KV lines and 11Kv lines at 1.Singitham (V) Raikode (M), and 2) Mamidigi (V), Nyalkal (M) in Medak District.	Andhra Pradesh	112.8	52.00	60.80
26	Central Power Distribution Company Of Andhra Pradesh Limited	To execute Erection, testing and commissioning of 2Nos. 33/11Kv sub-stations with connected 33KV lines and 11Kv lines at 1.Ghambeerpur (V) Dabbaka (M), and 2)Tipparam(V), Kondapak (M) in Medak District.	Andhra Pradesh	98.83	48.00	50.83
27	Bangalore Electricity Supply Company	Execution of "Restructured Accelerated Power Development and Reforms Programme (R-APDRP) Part-B" of K.G.F/Robersonpet, Bangarpete, Mulbagilu and Kolar Towns of KOLAR District.	Karnatak a	4,594.22	-	4,594.22
28	Transmission Corporation of Andhra Pradesh Limited	Supply, erection, testing and commissioning of 33 KV features at existing 132 KV switching station in the premises of Shravana Power Projects Ltd at Takkalapalli, Yacharam in Ranga Reddy District on turnkey basis	Andhra Pradesh	129.18	-	129.18
29	Transmission Corporation of Andhra Pradesh Limited	Supply, erection, testing and commissioning of 2 <sup>nd</sup> source to Medchal 132 KV SS from 220KV SS Medchal by erecting of 2 numbers 132 KV base at Medchal 132 KV SS and making of second circuit LILO to Medchal 132 KV SS (1KM) on turnkey basis.	Andhra Pradesh	147.14	-	147.14
30	Karnataka Power Transmission Corporation Limited	Construction of 220kv Double Rigid BUS at 220/110KV Sub-station at Raichur in Raichur Taluk & district on total turnkey basis including supply of all Material /Equipments. (SUPPLY PORTION)	Karnatak a	667.71	-	667.71
31	Karnataka Power Transmission Corporation Limited	Construction of 220kv Double Rigid BUS at 220/110KV Sub-station at Raichur in Raichur Taluk & district on total turnkey basis. (CIVIL WORKS)	Karnatak a	51.48	-	51.48

32	Karnataka Power Transmission Corporation Limited	Construction of 220kv Double Rigid BUS at 220/110KV Sub-station at Raichur in Raichur Taluk & district on total turnkey basis. (ERECTION PORTION)	Karnatak a	23.50	-	23.50
		<b>Grand Total</b>		<b>26,570.71</b>	<b>15,249.70</b>	<b>11,321.01</b>

\*indicates that the order has been awarded to VPL and Annapurna Constructions & Transmissions consortium wherein Annapurna Constructions & Transmissions scope includes 25% of erection of transmission lines and providing technical support for construction of sub-station and transmission lines. However, Annapurna Constructions & Transmissions has requested VPL to carry out the entire work and they would provide need based technical support.

**Services of the Company :**

VPL provides customised Turn Key Services for setting up of different categories of Transmission Lines, Sub-Stations, Feeder Separation and conversion of Low Voltage Distribution System into High Voltage Distribution System. Its customers include various State Electricity Boards and other Power Utilities.

**Location of the Project**

Considering the nature of the Company's business the location of the projects depends upon the contracted site which usually varies from project to project. Currently, the Company is having on-going work orders being executed at various locations in country.

**The procurement process followed for key raw material is detailed as under:**

**Stone aggregate**

The stone aggregates are procured from third party suppliers.

**Cement & Steel**

The Company negotiates with the nearest distributor of cement & steel for a particular project depending upon location of the project, price and ability to supply required quantity on time.

**Spare & other materials**

Adequate inventory of spare parts are maintained as they form a critical input in the continuous and smooth running of the project.

**Utilities**

The main utilities required in the construction activity are:

**Power**

The construction projects are not power intensive. Power is required at site for running various machineries and equipment and also for lighting. Generally power requirement is met at site through normal power distribution channel. Power requirement of the Company varies at each stage of project and depends upon the size and nature of the project.

**Fuel**

The requirement of Diesel for operating the machinery / equipment and Generating Sets are met by supplies from the local markets and are available in adequate quantities.

**Water**

Water is sourced locally to meet the requirements at the sites and at office

**Plant and Machinery**

Infrastructure industry requires varied equipment for execution of projects. As on October 31, 2010 the Company's investment into fixed asset was ₹90.88 lakhs (net of accumulated depreciation). The Company has been investing into equipment as per business requirements.

**Capacity and Capacity Utilisation**

VPL's business is project specific and not of the nature of a manufacturing concern with specified installed capacity. It is not possible to determine the capacity. The ability to undertake a project depends on requisite pre-qualification with respect to technical, managerial and financial ability to execute the project.

**Human Resources**

The Company has represented that they employ approximately 112 employees. The number of employees on the rolls of the Company in each of its departments is as provided as under:-

Sl. No.	Name of the Department	No. of Employees
1.	Accounts & Finance	9
2.	HR & Administration	19

3.	Purchase	4
4.	Business Development	5
5.	Site Administration and Accounts	9
6.	Site Supervisors	37
7.	Trainee Engineers	4
8.	Site Engineer	16
9.	Project Managers	9
	<b>TOTAL</b>	<b>112</b>

#### **Health Safety and Environmental Matters**

The Company believes in ensuring the health and safety of the employees which is critical to the successful conduct of the business and operations. Therefore the Company is committed to complying with applicable health, safety and environmental regulations and other requirements in its operations.

#### **Performance Guarantees**

The Company is required to issue performance guarantees varying from 5-10% of the contract value at the time of commencement of the contract, pursuant to the award of the contract / sub contract agreement. The performance guarantees are given by the Company to different clients / customers for execution of different contracts in normal course of business. These performance guarantees are typically valid up to twelve months to sixty months post the completion of the contract.

#### **Defect Liability Period**

The construction contracts often stipulate a defect liability period of between 6 and 12 months from the date of hand over certificate. The contractor is responsible for rectifying any defects that may arise during this defect liability period as a consequence of the construction services provided by the contractor. At the end of this defect liability period, any sum of money (as adjusted for any defects) retained by the client at completion is transferred to the contractor without interest.

#### **Technology**

There are no key processes, technology and collaboration agreements with any party. The clients normally specify proven conventional technologies and methods for their projects. Currently, the Company has requisite T & P to implement the project and it constantly upgrades it as and when required

#### **Export possibilities and export obligations.**

As on the date of filing the Draft Red Herring Prospectus, the Company does not have any export obligations.

#### **Competition**

The industry is highly fragmented with large number of players operating in an unorganized sector and a few of them in the organized sector. The industry is quite competitive. The award of contracts depends on successful bidding in the tenders. The tendering involves two-tier process. Firstly, the prospective bidders have to qualify technically. Only after qualifying

the technical bid, the prospective bidders can participate in financial bid. Further, the key success factor in qualifying the financial bid is cost competitiveness and the Company has been able to sustain in the completion due to its past financial strength and low overheads.

Competition depends on a host of other factors, such as the type of project, contract value and potential margins, the complexity and location of the project, the reputation of the client and the risks relating to revenue generation.

Due to industry's fragmented nature, there is no authentic data available to the Company on total industry size and markets share of the Company vis-à-vis the competitors. While service quality, technical ability, performance record, experience, health and safety records and the availability of skilled personnel are key parameters in client's decisions matrix in the award contracts - price is often the deciding factor in most tender awards.

#### **Collaborations**

The Company has not entered into any technical or other collaboration with any of the company except on project specific basis.

#### **Quality**

The Company has obtained Quality Management Certificate ISO 9001:2008 from TUV SUD South Asia Private Limited. The scope of activity covered by the certificate is "Execution of Electrical Projects of Distribution and Transmission Works on Turnkey Basis" on May 07th, 2010 and is valid till May 6, 2013.

#### **Insurance**

The Company's operations are subject to hazards inherent in providing engineering and construction services, such as risk of equipment failure and other work accidents, fire, earthquake, flood and other force major events, acts of terrorism and explosions including hazards that may cause injury and loss of life, destruction of property and equipment and environmental damage. The Company may also be subject to claims resulting from defects arising from engineering, procurement or construction services it has provided. The Company obtains specialized insurance for construction risks, third party liabilities for projects, as required and specified by its clients, for the duration of the project and the defect liability period. VPL maintain comprehensive insurance covering its assets and operations at levels, which it believes to be appropriate.

#### **Intellectual Property**

As on the date of this Draft Red Herring Prospectus, the Company does not have any intellectual property registered in its name.

#### **Properties**

The Company's Corporate and Registered Office is located at 401, 4<sup>th</sup> Floor, 3-5-874/A, R K Vipanchi Estates, Hyderguda, Hyderabad - 500 029.

<b>S. No.</b>	<b>Interest</b>	<b>Description of the Property</b>	<b>Salient Features</b>
1.	Freehold	<p><b>Location:</b> Hyderguda, Hyderabad</p> <p><b>Area:</b> 2152 sq. ft. together with 51.74 sq. yds of undivided share.</p> <p><b>Description:</b> Office premises bearing block numbers:</p> <p>1. 401-A Admeasuring 436 sq. ft. together with 9.37 sq. yds of undivided share of land out of the 2103 sq. yds.</p>	<p><b>Document:</b> Sale Deed dated February 21, 2007</p> <p><b>Vendors:</b> M/s. Online Media Solutions Limited</p> <p><b>Vendee:</b> M/s. Vishwanath Projects Limited.</p> <p><b>Stamp Duty paid:</b> ₹2,80,000/-</p> <p><b>Registration:</b> Registered as document number 493 of 2007</p>

	<p>2. 401-B Admeasuring 436 sq. ft. together with 9.37 sq. yds of undivided share of land out of the 2103 sq. yds.</p> <p>3. 402 Admeasuring 640 sq. ft. together with 16.5 sq. yds of undivided share of land out of the 2103 sq. yds.</p> <p>4. 403 Admeasuring 640 sq. ft. together with 16.5 sq. yds of undivided share of land out of the 2103 sq. yds.</p> <p>Totally admeasuring 2152 sq. ft. together with 51.74 sq. yds of undivided share. Of land out of the total land of 2103 sq. yds. In the premises bearing No. 3-5-874/A building known as R.K. Vipanchi estate situated at Hyderguda, Hyderabad-29 and bounded on:</p> <p>North: Road from Basheerbagh to OLD MLA Quarters.</p> <p>South: Neighbours House.</p> <p>East: Old MLA Quarters.</p> <p>West: Sita World Travels Office Building.</p>	Consideration: ₹40,00,000/-
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**Purchase of properties**

There is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present issue or the purchase or acquisition of which has not been completed on the date of this Draft Red Herring Prospectus, other than Property, in respect of which:

The contract for the purchase or acquisition was entered into in the ordinary course of business, nor was the contract entered into in contemplation of the Issue, nor is the Issue contemplated in consequence of the contract; or

The amount of the purchase money is not material. The Company has not purchased any property in which any of its promoters and/or Directors, have any direct or indirect interest in any payment made there-under.

## C. REGULATIONS AND POLICIES

*The following description is a summary of the relevant regulations and policies as prescribed by the central / state governments that are applicable to the Company in India. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below are not exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice.*

### INDIAN REGULATIONS

There are various regulations governing any industry or establishment engaged in the field of providing turnkey services.

#### *Foreign Investment Regulation*

The industrial policy was formulated in 1991 to implement the Government's liberalization programme and consequently industrial policy reforms relaxed industrial licensing requirements and restrictions on foreign investment. The procedure for investment in the power sector has been simplified for facilitating Foreign Direct Investment. Foreign Direct Investment is allowed under the automatic route for 100 % in respect of projects relating to electricity generation, transmission and distribution, other than atomic reactor power plants. There is no limit on the project cost and the quantum of foreign direct investment.

#### **Andhra Pradesh Electrical Licensing Rules, 1987**

Indian Electricity Rules, 1956 (Andhra Pradesh Electrical Licensing Rules, 1987) provides for the Issue of Licenses to electrical contractors (A grade and B grade), issue of Supervisor and wireman permits to eligible persons, to see the proper implementation of licensing regulations throughout the state. The main aim of the Electricity Act, 2003 (repealed from the Electricity Act, 1910) under which the above mentioned rules were issued was to consolidate the laws relating to generation, transmission, distribution, trading and use of electricity and generally for taking measures conducive to development of electricity industry, promoting competition therein, protecting interest of consumers and supply of electricity to all areas, rationalization of electricity tariff, ensuring transparent policies regarding subsidies, promotion of efficient and environmentally benign policies constitution of Central Electricity Authority, Regulatory Commissions and establishment of Appellate Tribunal and for matters connected therewith or incidental thereto. Further, The Electricity Act provides for issuing supervisor and wireman permits to eligible person for proper implementation of licensing regulations throughout the state

#### **Fiscal Legislation**

Section 80 - IA of the Income Tax Act, 1961 provides that while computing the total income of an undertaking set up for generation of power, 100% deduction of the profit and gains is allowed. This deduction is allowed during any 10 consecutive years in a block of first 15 years from the start of operations of the infrastructure facility. This is applicable when the particular undertaking is not formed by splitting up or reconstruction of a business already in existence and is not formed by the transfer to a new business of machinery or plant previously used for any purpose.

#### **Labour Legislations**

A brief description of certain labour legislation is set forth below:

### **Contract Labour (Regulation and Abolition) Act, 1970**

The Contract Labour (Regulation and Abolition) Act, 1970, as amended (the “CLRA”), requires establishments that employ or have employed on any day in the previous 12 months, 20 or more workmen as contract labour to be registered and prescribes certain obligations with respect to the welfare and health of contract labour.

The CLRA requires the principal employer of an establishment to which the CLRA applies to make an application to the registering officer in the prescribed manner for registration of the establishment. In the absence of registration, contract labour cannot be employed in the establishment. Likewise, every contractor to whom the CLRA applies is required to obtain a licence and not to undertake or execute any work through contract labour except under and in accordance with the licence issued.

To ensure the welfare and health of the contract labour, the CLRA imposes certain obligations on the contractor including the establishment of canteens, rest rooms, drinking water, washing facilities, first aid facilities, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period. Penalties, including both fines and imprisonment, may be imposed for contravention of the provisions of the CLRA.

### **Minimum Wages Act, 1948**

State governments may stipulate the minimum wages applicable to a particular industry. The minimum wages may consist of a basic rate of wages and a special allowance; or a basic rate of wages and the cash value of the concessions in respect of supplies of essential commodities; or an all-inclusive rate allowing for the basic rate, the cost of living allowance and the cash value of the concessions, if any. Workmen are to be paid for overtime at overtime rates stipulated by the appropriate government.

Contravention of the provisions of this legislation may result in imprisonment for a term up to six months or a fine up to ₹500 or both.

### **Workmen’s Compensation Act, 1923**

The Workmen’s Compensation Act, 1923 (“WCA”) has been enacted with the objective to provide for the payment of compensation to workmen by employers for injuries by accident arising out of and in the course of employment, and for occupational diseases resulting in death or disablement. The WCA makes every employer liable to pay compensation in accordance with the WCA if a personal injury/disablement/loss of life is caused to a workman (including those employed through a contractor) by accident arising out of and in the course of his employment. In case the employer fails to pay compensation due under the WCA within one month from the date it falls due, the commissioner appointed under the WCA may direct the employer to pay the compensation amount along with interest and may also impose a penalty.

### **Payment of Bonus Act, 1965**

Pursuant to the Payment of Bonus Act, 1965, as amended (the “Bonus Act”), an employee in a factory or in any establishment where 10 or more persons are employed on any day during an accounting year, who has worked for at least 30 working days in a year is eligible to be paid a bonus. Contravention of the provisions of the Bonus Act by a company is punishable with imprisonment for a term of up to six months or a fine of up to ₹1,000 or both, against persons in charge of, and responsible to the Company for the conduct of the business of the Company at the time of contravention.

### **Payment of Gratuity Act, 1972**

Under the Payment of Gratuity Act, 1972, as amended (the “Gratuity Act”), an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement or resignation, superannuation or death or disablement due to accident or disease. However, the entitlement to gratuity in the event of death or disablement will not be contingent upon an employee having completed five years of continuous service. The maximum amount of gratuity payable may not exceed ₹10,00,000. An employee is said to be ‘in continuous service’ for a certain period notwithstanding that his service has been interrupted during that period by sickness, accident, leave, absence without leave, lay-off, strike, lock-out or cessation of work not due to the fault of the employee. The employee is also deemed to be in continuous service if the employee has worked (in an establishment that works for at least six days in a week) for at least 240 days in a period of 12 months or 120 days in a period of six months immediately preceding the date of reckoning.

### **Employees State Insurance Act, 1948**

The Employees State Insurance Act, 1948 (the “ESI Act”) provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

### **Employees Provident Fund and Miscellaneous Provisions Act, 1952**

The Employees Provident Fund and Miscellaneous Provisions Act, 1952 (the “EPF Act”) provides for the institution of compulsory provident fund, pension fund and deposit linked insurance funds for the benefit of employees in factories and other establishments. A liability is placed both on the employer and the employee to make certain contributions to the funds mentioned above.

### **The Maternity Benefit Act, 1961**

The Maternity Benefit Act, 1961 provides that every establishment including Government and to every establishment, equestrian acrobatic and other performances and to other establishment within the meaning of any law for the time being in force in relation to shops and establishments in a State, in which 10 or more persons are / were employed during the preceding 12 months.

### **Andhra Pradesh Tax on Professions, Trades, Callings and Employment Act, 1987**

Andhra Pradesh Tax on Professions, Trades, Callings and Employment Act, 1987 is applicable to every person engaged in any profession, trade, calling or employment in the State and falling under any one or other of the classes specified in the Act, shall be liable to pay a tax at the rate specified. The tax payable under this Act, by any person earning a salary or wage, shall be deducted by his employer from the salary or wage payable to such person, before such salary or wage is paid to him, and such employer shall, irrespective of whether such deduction has been made or not, when the salary or wage is paid to such persons, be liable to pay tax on behalf of all such persons.

### **Andhra Pradesh Shops and Establishment Act, 1988**

Andhra Pradesh Shops and Establishment Act, 1988 is applicable to each and every shops and commercial establishment with or without any employee in the state of Andhra Pradesh. Every employer of an establishment shall, (i) in the case of an establishment existing on the date of commencement of this Act, within thirty days from that date; and (ii) in the case of a new

establishment, within thirty days from the date on which the establishment commences its work, send to the Inspector concerned a statement containing such particulars, together with such fees, as may be prescribed. On receipt of such statement, the Inspector shall register the establishment in the register of establishments in such manner as may be prescribed and shall issue in the prescribed form a registration certificate to the employer who shall display it at a prominent place of the establishment.

#### **Employers Liability Act, 1938**

This Act declares that certain defenses shall not be raised in suits for damages in respect of injuries sustained by workmen; it applies to any organisation wherein workmen are involved.

#### **Industrial Employment (Standing Orders) Act, 1946**

This Act requires employers in industrial establishments formally to define conditions of employment under them. It applies to every industrial establishment wherein one hundred or more workmen are employed, or were employed on any day of the preceding twelve months; Provided that the appropriate Government may, after giving not less than two months' notice of its intention so to do, by notification in the Official Gazette, apply the provisions of this Act to any industrial establishment employing such number of persons less than one hundred as may be specified in the notification.

#### **State and Municipal Corporations Act for Respective States**

Further, for setting up any establishment or business it is required to obtain certain clearances from relevant State and Municipal Corporations Act.

## D. HISTORY AND CERTAIN CORPORATE MATTERS

The Company commenced operations as a partnership firm constituted under the Indian Partnership Act, 1932 on 5<sup>th</sup> November 2003 under the name and style of “VISHWANATH ELECTRICALS” with its Place of Business at #3-4-424, Narayanguda, Hyderabad. The partners of the firm were Mrs.Komaravelli Swathi, Mr.K.Sandeep & Mrs.Darapuneni Sailaja. The Partnership firm was reconstituted on 17<sup>th</sup> December 2003 by inducting Mr.Darapuneni Murali as one of partners. The partnership firm was further reconstituted on 10<sup>th</sup> November 2005 by inducting Mr.B.Ajay Kumar, Mrs.K.Sree Rekha and Mr.B.Srikanth with its place of Business at #3-5-874/A, Flat No. 102, RK Vipanchi Estate, Hyderguda, Hyderabad. The firm was registered as a limited company under (Part IX) of the Companies Act on 24<sup>th</sup> February 2006 with the name “VISHWANATH PROJECTS LIMITED” and was allotted company identification number U40105AP2006PLC049272. All of the business and property of the erstwhile partnership firm therefore became vested in the Company and Obtained the Commencement of Business Certificate on 31<sup>st</sup> March 2006 from RoC, Hyderabad.

The Company was promoted by Mr. Komaravelli Shiva Kumar and Mr.Darapuneni Murali with an objective of providing Turnkey Services ranging from survey, design, structural orientation, supply of materials (as per NABL standards), Installation, erection, testing and commissioning as per the specifications and to the satisfaction of its esteemed clientele base in the power transmission and distribution sector.

VPL provides customised Turn Key Services for setting up of different categories of Transmission Lines, Sub-Stations, Feeder Separation and conversion of Low Voltage Distribution System into High Voltage Distribution System. Its customers include various State Electricity Boards and other Power Utilities.

The Company has successfully bid and won various power distribution and transmission projects across India. These projects includes commissioning and testing of equipments, construction of sub-stations, High Voltage Distribution System(HVDS),Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY),High Tension (HT) & Low Tension (LT) lines to name a few.

The Company is presently executing works in five major states of the country namely, Andhra Pradesh, Maharashtra, Madhya Pradesh, Karnataka and Tripura.

As of the date of this Draft Red Herring Prospectus the Company has 8 shareholders.

### Key Events and Milestones:

Year	Event
2006	Incorporation of the Company
2007	Received ISO 9001:2000 certification for execution of electrical projects of distribution and Transmission works on Turnkey basis.
2007	Completed one of India's first High Voltage Distribution System Project in the state of Andhra Pradesh.
2008	Expanded area of operations with projects in the states of Madhya Pradesh, Maharashtra and Karnataka.
2010	Upgraded to ISO-9001-2008 certification for execution of electrical projects of distribution and transmission works on turnkey basis. Undertaken transmission turnkey projects of 110Kv and 132Kv bay - extension works.
2011	Awarded contract for execution of 220Kv bay-extension works.

### **Main Objects of the Company**

The main objects contained in the Memorandum of Association are:

1. To convert M/s. Vishwanath Electricals a partnership firm into M/s. Vishwanath Projects Limited, which will continue the business and takeover as going concern with all assets and liabilities of M/s. Vishwanath Electricals.
2. To carry on the business of consultants and contractors in setting up all types of plants for production of electrical energy, setting up transmission lines, setting up distribution systems and other electric installations also to undertake in on turnkey basis refurbishing, renovating, reforming of old power projects.
3. To Engineer, procure, construct, manufacture, build, erect, install, repair, restore, operate, develop, promote, advise on, provide consultancy, research and develop, test, undertake, takeover, execute, deal in, trade, whether independently or in association with other(s) in any form, in India or elsewhere in the World, projects related to power transmission, power distribution, sub-stations, generation stations, power houses, telecommunication systems (basic, cellular, paging, wireless, satellite based and others), railways, roads, highways, bridges, flyovers, buildings, structures, canals, airports, dams, docks, harbours, ports and any other projects directly or indirectly associated with infrastructure and infrastructure facilities, power plants (thermal-based on fuel like coal, naphtha, condensated /liquefied natural gas and other petro-products, mini& major hydel; pumped storage scheme, wind and non-conventional energy based, real estate, water, oil & gas and any kind of works or projects whatsoever on engineering, procurement, construction basis for and on behalf of government, semi-government, non-government organizations or bodies corporate or individuals or others.
4. To undertake, take up, carry on, engage in process designing, supervising, owning, executing, operating, maintaining, and providing other related services whether independently or in association with any other person(s) in any form, in India or elsewhere in the world, either as engineers or contractors or sub-contractors or builders or owners or developers, architects, surveyors, designers, town planners, estimators, interior-exterior decorators, repairers, general and government civil contractors of immovable properties including in the projects involving engineering, consultancy, procurement, construction, management in various sectors including power, telecom, railways, any other infrastructure, buildings and structures, water, oil & gas, refinery, fertilizers, chemicals, petrochemicals, building highways, roads, earth ways, embankments, bridges, tunnels, water ways, dams, seaports, sewers, sanitary systems housing complexes, townships, commercial complexes in on Build Operate Transfer (BOT) or Build - Own-Operate (BOO) or Build-Own-Lease (BOLT) basis, Build-Own-Operate-Transfer (BOOT) basis, a Build-Own-Operate- Share-Transfer (BOOST) basis or on any other basis.
5. To carry on the business of supply, manufacturing, import, export, trading and selling of all electrical items and equipments including transformers of all classes and their raw materials such as CRGO/Amorphos core, copper, aluminum, oil, M.S. material, energy meters of all classes and other fittings, including rubber insulated, plastic insulated and paper insulated cables and wires for low voltages as well as high voltage power cables, enameled and super enameled wires, telephone cables of all kinds like paper insulated, jelly filled, foams filled, optical fiber etc. aluminum cables steel reinforced (ACSR) and also all types of cables and wires insulated or otherwise for communication purposes and all types of wires and cables required for power transmission, satellite communications including laser beams, micro wave, underwater communications, optical fibers, telecommunication and also purchase and sale of scrap of all.
6. To plan, develop, establish, erect, construct, acquire , operate, run, manage, hire, lease, buy, sell, maintain, enlarge, alter, renovate, modernize, work and use power system

networks of all types including ultra high voltage (UHV), extra-high voltage (EHV), high voltage (HV), high voltage direct current (HVDC), medium voltage (MV) and low voltage (LV) lines and associated stations, substations, transmission and distribution centers, systems and networks and to lay cables, wires, accumulators, plants, motors, meters, apparatus, computers, telecommunication and tele-metering equipments and other materials connected with generation, transmission, distribution, supply and other ancillary activities relating to the electrical power and to undertake for and on behalf of others all these activities in any manner.

#### Changes in Memorandum of Association

<b>Date of Change</b>	<b>Authorised Capital pursuant to change</b>
Incorporation	₹1,50,00,000/- divided into 15,00,000 equity shares of ₹10/- each.
March 28, 2006	₹1,50,00,000/- to ₹5,00,00,000/- divided into 50,00,000 equity shares of ₹10/- each.
November 25, 2007	₹5,00,00,000/- to ₹10,00,00,000/- divided into 1,00,00,000/- equity shares of ₹10/- each
October 25, 2010	₹10,00,00,000/- to ₹15,00,00,000/- divided into 1,50,00,000/- equity shares of ₹10/- each
October 25, 2010	<p>Change in Object clause by adding and deleting certain clauses.</p> <p>The following clauses were added:-</p> <p>3. To Engineer, procure, construct, manufacture, build, erect, install, repair, restore, operate, develop, promote, advise on, provide consultancy, research and develop, test, undertake, takeover, execute, deal in, trade, whether independently or in association with other(s) in any form, in India or elsewhere in the World, projects related to power transmission, power distribution, sub-stations, generation stations, power houses, telecommunication systems (basic, cellular, paging, wireless, satellite based and others), railways, roads, highways, bridges, flyovers, buildings, structures, canals, airports, dams, docks, harbours, ports and any other projects directly or indirectly associated with infrastructure and infrastructure facilities, power plants (thermal-based on fuel like coal, naphtha, condensated /liquefied natural gas and other petro-products, mini&amp; major hydel; pumped storage scheme, wind and non-conventional energy based, real estate, water, oil&amp; gas and any kind of works or projects whatsoever on engineering, procurement, construction basis for and on behalf of government, semi-government, non-government organizations or bodies corporate or individuals or others.</p> <p>4. To undertake, take up, carry on, engage in process designing, supervising, owning, executing, operating, maintaining, and providing other related services whether independently or in association with any other person(s) in any form, in India or elsewhere in the world, either as engineers or contractors or sub-contractors or builders or owners or developers architects, surveyors, designers, town planners, estimators, interior-exterior decorators, repairers, general and government civil contractors of immovable properties including in the projects involving engineering, consultancy, procurement, construction, management in various sectors including power, telecom, railways, any other infrastructure, buildings and structures, water, oil &amp; gas, refinery, fertilizers, chemicals, petrochemicals, building highways, roads, earth ways, embankments, bridges, tunnels,</p>

	<p>water ways, dams, seaports, sewers, sanitary systems housing complexes, townships, commercial complexes on Build Operate Transfer (BOT) or Build - Own-Operate (BOO) or Build-Own-Lease (BOLT) basis, Build-Own-Operate-Transfer (BOOT) basis, a Build-Own-Operate- Share-Transfer (BOOST) basis or on any other basis.</p> <p>5. To carry on the business of supply, manufacturing, Import, export, Trading and selling of all electrical items and equipments including transformers of all classes and their raw materials such as CRGO/Amorphos core, copper, aluminum, oil, M.S. material, energy meters of all classes and other fittings, including rubber insulated, plastic insulated and paper insulated cables and wires for low voltages as well as high voltage power cables, enameled and super enameled wires, telephone cables of all kinds like paper insulated, jelly filled, foams filled, optical fiber etc. aluminum cables steel reinforced (ACSR) and also all types of cables and wires insulated or otherwise for communication purposes and all types of wires and cables required for power transmission, satellite communications including laser beams, micro wave, underwater communications, optical fibers, telecommunication and also purchase and sale of scrap of all.</p> <p>6. To plan, develop, establish, erect, construct, acquire , operate, run, manage, hire, lease, buy, sell, maintain, enlarge, alter, renovate, modernize, work and use power system networks of all types including ultra high voltage (UHV), extra-high voltage (EHV), high voltage (HV), high voltage direct current (HVDC), medium voltage (MV) and low voltage (LV) lines and associated stations, substations, transmission and distribution centers, systems and networks and to lay cables, wires, accumulators, plants, motors, meters, apparatus, computers, telecommunication and tele metering equipments and other materials connected with generation, transmission, distribution, supply and other ancillary activities relating to the electrical power and to undertake for and on behalf of others all these activities in any manner.</p> <p>The following clause was deleted:-</p> <p>4. To purchase, acquire, take on lease or in exchange or in any other lawful manner any area, land, buildings, structures and to turn the same into account, develop the same and dispose of or maintain the same for purpose of investment or resale or otherwise and to traffic of any kind, tenure and any interest in and to acquire sell, and deal in freeholds and households or any interest therein and generally to deal in, speculate by way of sale, lease exchange or otherwise with land and house property and any other property of any description.</p>
October 25, 2010	<p>Alteration of Ancillary or Incidental object by adding the following Object:-</p> <p>11A. To carry on the business as buyers, sellers, investor's in the Equity Shares, Preference Shares, Securities, Bonds, Units, Government Securities, Debentures, futures or Options of securities or index, Commodity futures or Options, hedging in shares/ commodity futures or options, Obligations and Securities issued and guaranteed by any Company, Corporation, Firm or person whether incorporated or established in India or elsewhere.</p>

October 25, 2010	Alteration of other object by adding the following object:-  4. To purchase, acquire, take on lease or in exchange or in any other lawful manner any area, land, buildings, structures and to turn the same into account, develop the same and dispose of or maintain the same for purpose of investment or resale or otherwise and to traffic of any kind, tenure and any interest in and to acquire sell, and deal in freeholds and households or any interest therein and generally to deal in.
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#### **Changes in the Registered Office**

The table below shows the change in the Registered Office of the Company since Incorporation:-

Previous Address	New Address	Reason of change	Date of Change
Flat No. 102, 3-5-874/A, R.K. Vipanchi Estates, Hyderguda, Hyderabad 29.	Flat No. 401, 4th Floor, 3-5-874/A, R.K. Vipanchi Estates, Hyderguda, Hyderabad 29	Shifting into own premises.	May 15, 2007

#### **Subsidiaries of the Company**

The Company has no subsidiary

#### **Shareholders agreements**

There are no Shareholders Agreement existing as on date in respect of the shares of the Company. Further, the Company has also not entered into any shareholders agreement in respect of shares of any other company.

#### **Other Agreements**

Except the Agreements/Contracts entered in the ordinary course of business carried on and intended to be carried on by the Company, the Company has not entered into any other agreement/contract.

#### **Strategic partners**

Other than the normal course of business, the Company has not entered into any strategic partnerships with any of the company.

#### **Financial Partners**

As on the date of this Draft Red Herring Prospectus, apart from arrangements with the lenders and bankers, which the Company has been entered in ordinary course of business, the Company does not have any financial partners.

## E. MANAGEMENT

### Board of Directors

Under the Articles of Association the Company is required to have not less than 3 Directors and not more than twelve directors. Currently the Company has 5 Directors consisting of two Whole-time Directors and 3 Independent Directors.

The following table sets forth details regarding the Board of Directors as on the date of Draft Red Herring Prospectus:-

Name, Designation, Address, Occupation, DIN & Nationality	Age (Years)	Qualification & Experience	Date of appointment and tenure	Other Directorship
<b>Mr. Komaravelli Shiva Kumar</b> S/o K.Vishwanatham Chairman & Managing Director 402, 3-4-552, Naryanaguda Hyderabad - 500029, Andhra Pradesh, India Occupation: Service DIN: 00050514 Nationality: Indian	52	B.Com, FCA. 24 years.	Director : February 24, 2006 Change of designation to Managing Director is September 1, 2008, Re-appointed as Chairman and Managing Director w.e.f. September 01, 2010 for a period of 5 years upto August 31, 2015.	Sakila Estates Ltd. Vishwanath Stocks Pvt Ltd. Manjeera Hotels & Resorts Limited.
<b>Mr. Darapuneni Murali</b> S/o D.R.Narsimha Rao Executive Director 3-4-552, Flat No.301, Indra Estates, Narayanaguda, Hyderabad - 500 029. Occupation: Service DIN: 00027333 Nationality: Indian	52	B.Com, ACA. 30 years.	Director : February 24, 2006 Re-appointed as Executive Director w.e.f September 01, 2010 for a period of 5 years upto August 31, 2015.	Sakila Estates Limited JVS Securities Private Limited
<b>Mr. Doddapaneni Seetharamaiah</b> S/o D.Sampenga Rao Director 6-3-668/17/403, Somajiguda, Panjagutta Classic Enclave, Hyderabad - 500 082. Occupation: Retired	68	B.E. (Electricals) 45 years	August 16, 2010 Appointed as Additional Director on August 16, 2010 and regularized as Director on September 30, 2010. Liable to retire by rotation in the 2011-12 AGM.	Nil

DIN: 03264504 Nationality: Indian				
<b>Prof. Haripuram Venkateshwarlu</b>  S/o H.Venkatramulu  Director  Quarter No.P-2 Osmania University Campus, Tarnaka, Hyderabad - 500 007.  Occupation: Professor  DIN: 03268839 Nationality: Indian	51	M.Com., M.Phil., Ph.D.  26 years	Appointed as Additional Director on August 16, 2010 and regularized as Director on September 30, 2010. Liable to retire by rotation	Nil
<b>Mr. Puligilla Hanmantha Rao</b> S/o P.Venkataiah  Director  Plot No.90, H.No.11-13-100/2, Vasavi Colony, Saroornagar, Hyderabad - 500 035. Andhra Pradesh, India.  Occupation: Service  DIN: 03270424 Nationality: Indian	50	B.Com, ACA  27 years	Appointed as Additional Director on August 16, 2010 and regularized as Director on September 30, 2010. Liable to retire by rotation in the 2010-11 AGM	Nil

None of the above mentioned Directors are related to each other.

There are no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which the directors was selected as a director or member of senior management.

There are no service contracts entered into by the directors with the issuer providing for benefits upon termination of employment.

None of the Directors are or were directors of listed Companies whose shares have been/were suspended from being traded on the BSE and/or NSE or any other stock exchanges at any time during the last 5 years from the date of the DRHP. None of the Directors are or were directors of listed Companies whose shares have been delisted on the Bombay Stock Exchange Ltd. and/or National Stock Exchange of India Ltd and/or any other stock exchanges.

#### **Brief Profile of Managing Director and Executive Director**

For a brief profile of Chairman & Managing director and Executive Director, please refer to the section titled “Introduction” beginning on page 27 of this Draft Red Herring Prospectus.

#### **Brief profile of others Directors**

**Mr. Doddapaneni Seetharamaiah** :- aged 68 years is a Bachelor in Electricals. He has an overall experience of 45 years in State Electricity Board of Andhra Pradesh. During his stint with State Electricity Board of Andhra Pradesh he worked in various departments and capacities in

operation and maintenance of complete Electrical Distribution Network, testing of various electrical equipments. During his service he held various positions and retired as Director (Projects) of Southern Power Distribution Company Limited.

**Professor Haripuram Venkateshwarlu** : aged 51 years holds a Masters Degree and received Master of Philosophy and Ph.D. in Commerce in the area of marketing management from Osmania University. He started his career in 1984 as Assistant Professor in Department of Commerce, Osmania University and promoted Professor of Commerce in 1994. He also held positions of Chairman, Board of Studies in Commerce, Head of Department of Commerce and later as Dean, Faculty of Commerce. He has more than 26 years of experience in the academic administration including business consultancy in public and private sector. He carried out prestigious research projects from Planning Commission, SBI, ICSSR, UGC etc. He is the Executive Vice President of the Indian Commerce Association since 2003 and currently he is the Principal of University College of Commerce and Business Management, Osmania University. He has received the Best Teacher Award from the Government of Andhra Pradesh for the year 2010.

**Mr. Puligilla Hanmantha Rao** : aged 50 years is a Gold Medalist in Bachelor's Degree in Commerce from Osmania University and a Fellow Member of Institute of Chartered Accountants of India. He started his career in 1984 as an Asst. Accounts Officer, Internal Audit Department, United India Insurance Company. Later, he joined Andhra Bank in 1985 as Specialist Officer, served for 17 years in various positions and opted for Voluntary Retirement in 2001. He has an overall experience of 27 years in various sectors like banking, education and as a practicing Chartered Accountant. Presently he is working in a Public Limited Company as Asst. Vice President.

#### **Borrowing Powers of the Board**

Pursuant to a resolution passed by the shareholders at an Extra Ordinary General Meeting held on October 25, 2010 in accordance with provisions of the Companies Act, the Board has been authorized to borrow in excess of paid-up capital and free reserves, provided that total amount shall not exceed the sum of ₹25000 lakhs.

#### **Details of appointment of the Managing Director/Executive Director and the compensation payable:-**

The Board, pursuant to the its resolution passed at its meeting held on August 16, 2010 and AGM resolution dated September 30, 2010 re-appointed Mr. Komaravelli Shiva Kumar and Mr. Darapuneni Murali as Chairman & Managing Director and Executive Director respectively. Details of their re-appointment are as under:

Name	Mr. Komaravelli Shiva Kumar	Mr. Darapuneni Murali
Designation	Chairman & Managing Director	Executive Director
Date of Re-appointment	September 01, 2010	September 01, 2010
Period	5 years	5 years
Salary	₹2,00,000 lakhs per month	₹2,00,000 lakhs per month
Perquisites	In addition to Salary the Chairman & Managing Director will be allotted perquisites as specified in below:-  <b>CATEGORY (A)</b> 1. Medical Reimbursement One month salary in a year or three	In addition to Salary the Chairman & Managing Director will be allotted perquisites as specified in below:-  <b>CATEGORY (A)</b> 1. Medical Reimbursement One month salary in a year

	<p>month's salary over a period of 3 years.</p> <p>2. Leave Travel Concession For self and family, once in year to and from any place in India.</p> <p>4. Club Fees Fees of clubs shall be reimbursed subject to a maximum of two clubs, admission fee or life member shall be payable by the Company.</p> <p>5. Personal Accident Insurance: Personal Accident Insurance of an amount, the annual premium on which shall not exceed ₹4000 per annum.</p> <p><b>CATEGORY (B)</b></p> <ol style="list-style-type: none"> <li>1. As per the rules of the Company, subject to the condition that the annual contribution to these funds or any annuity fund shall not exceed 25% of the salary.</li> <li>2. Gratuity is payable at a rate not exceeding half month salary for each completed year of service and</li> <li>3. Encashment of leave at the end of the tenure.</li> </ol> <p>The above will not be included in the computation of the ceiling on perquisites.</p> <p><b>CATEGORY (C)</b></p> <ol style="list-style-type: none"> <li>1. Provision for car with driver for use on Company's business. Use of car for private purpose shall be billed by the Company.</li> <li>2. Provision to take phone at the residence of the Chairman and Managing Director. Personal long</li> </ol>	<p>or three month's salary over a period of 3 years.</p> <p>2. Leave Travel Concession For self and family, once in year to and from any place in India.</p> <p>4. Club Fees Fees of clubs shall be reimbursed subject to a maximum of two clubs, admission fee or life member shall be payable by the Company.</p> <p>5. Personal Accident Insurance: Personal Accident Insurance of an amount, the annual premium on which shall not exceed ₹4000 per annum.</p> <p><b>CATEGORY (B)</b></p> <ol style="list-style-type: none"> <li>1. As per the rules of the Company, subject to the condition that the annual contribution to these funds or any annuity fund shall not exceed 25% of the salary.</li> <li>2. Gratuity is payable at a rate not exceeding half month salary for each completed year of service and</li> <li>3. Encashment of leave at the end of the tenure.</li> </ol> <p>The above will not be included in the computation of the ceiling on perquisites.</p> <p><b>CATEGORY (C)</b></p> <ol style="list-style-type: none"> <li>1. Provision for car with driver for use on Company's business. Use of car for private purpose shall be billed by the Company.</li> <li>2. Provision to take phone at the residence of the</li> </ol>
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	distance calls shall be billed by the Company.	Executive Director. Personal long distance calls shall be billed by the Company.
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#### Details of Remuneration of the Directors

The following table sets forth the remuneration paid to the Company's Whole time Directors during fiscal 2010.

Name of the Director	Salary (₹ in lakhs)	Monetary Value of Perquisites	Contribution to the provident Fund	Total (₹ in lakhs)
Mr. Komaravelli Shiva Kumar	12.00	Nil	Nil	12.00
Mrs. Komaravelli Swathi	12.00	Nil	Nil	12.00
Mr. Darapuneni Murali	6.00	Nil	Nil	6.00

The following table sets forth the sitting fees paid to the Company's Non-Executive Directors during the period September 2010 to January 2011.

Name of the Director	For the period September 2010 to January 2011 ( Amount in ₹)	Commission paid for the period September 2010 to January 2011	Total (Amount in ₹)
Mr. Puligilla Hanmantha Rao	6500	N.A	6500
Prof. Haripuram Venkateshwarulu	6500	N.A	6500
Mr. Doddapaneni Seetharamaiah	6500	N.A	6500

#### Shareholding of the Directors in the Company

The Articles of Association do not require the Directors to hold any qualifications equity shares in the Company. The following are details of the shareholding of the directors in the Company at the time of filing this Draft Red Herring Prospectus:-

S. No.	Name of the Director	No. of Shares held	% of Pre-issue share Capital
1	Mr. Komaravelli Shiva Kumar	3072 000	42.67
2	Mr. Darapuneni Murali	1260 000	17.50
3	Mr. Puligilla Hanmantha Rao	Nil	--
4	Prof. Haripuram Venkateshwarulu	Nil	--
5	Mr. Doddapaneni Seetharamaiah	Nil	--

### *Interests of Directors*

All of the Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board of Directors or a Committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under the Articles, and to the extent of remuneration paid to them for services rendered as an officer or employee of the Company.

The Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by or allotted to the companies, firms and trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue. All of the Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

The Directors have no interest in any property acquired or proposed to be acquired by the Company within two years from the date of this Draft Red Herring Prospectus. For details of the interest of the Directors who are also Promoters of the Company, see section titled "Promoters and Promoter Group Companies" on page 123.

Except as stated in the section titled "Financial Statements" on page 132 of this DRHP under the heading "RPT", no amount or benefit has been paid within the two preceding years or is intended to be paid or given to any of the Company's officers including the Directors and key management personnel. None of the beneficiaries of loans, advances and sundry debtors are related to the Directors of the Company. Additionally, there are no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which the Directors were selected as a Director of the Company or any key management person was selected. Further, except statutory benefits upon termination of their employment in the Company or retirement, no officer of the Company, including the Directors and the key management personnel of the Company, are entitled to any benefits upon termination of employment.

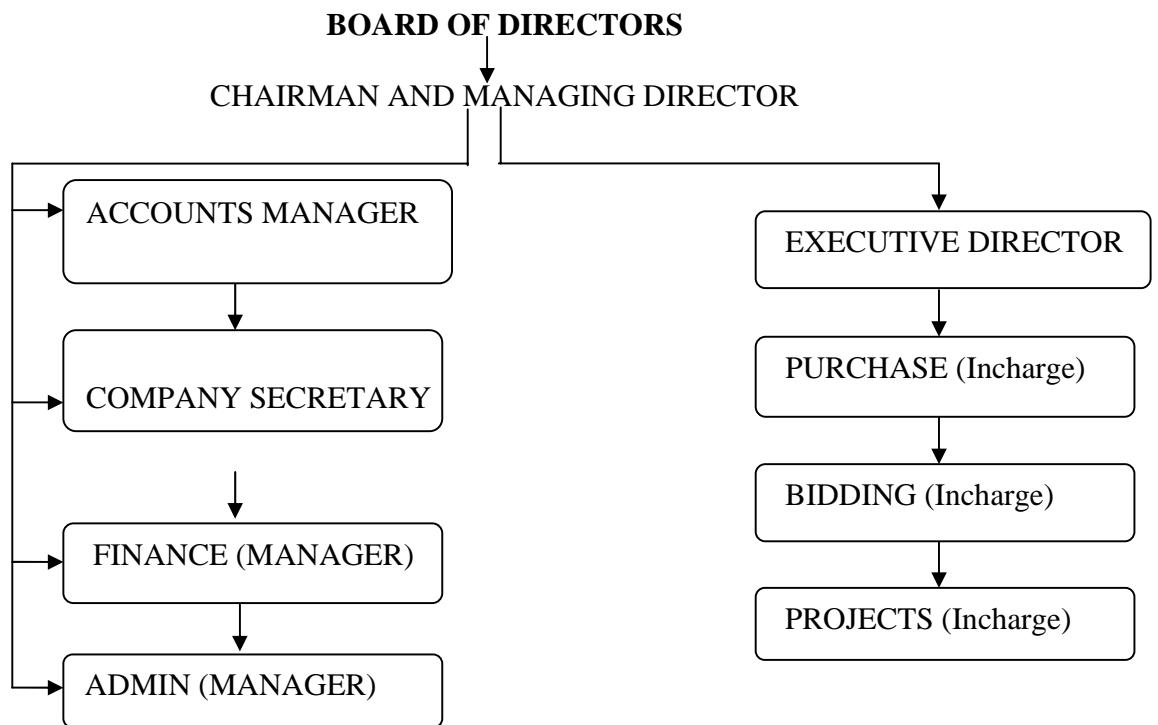
### **Changes in the Board of Directors during the last three years**

The changes in the Board of Directors during the last three years are as follows:

<b>S.No.</b>	<b>Name of the Director</b>	<b>Date of Appointment</b>	<b>Date of Cessation</b>	<b>Reason</b>
1	Mrs. Komaravelli Swathi	20.06.2008	--	Appointment as Additional Director
2	Mrs. Komaravelli Swathi	30.09.2008	--	Appointed as Director liable to retire by rotation.
3	Mr. Puligilla Hanmantha Rao	16.08.2010	--	Appointment as Additional Director
4	Prof. Haripuram Venkateshwarulu	16.08.2010	--	Appointment as Additional Director
5	Mr. Doddapaneni Seetharamaiah	16.08.2010	--	Appointment as Additional Director
6	Mrs. Komaravelli Swathi	--	01.09.2010	Resigned as Whole-time Director due to personal reasons
7	Mr.L.Rama Krishna	--	11.02.2010	Resigned as Director due to personal reasons
8	Mrs. Komaravelli Swathi	15.11.2010	--	Appointment as Additional Director
9	Mrs. Komaravelli Swathi	--	01.01.2011	Resignation due to personal

				reasons
10	Mr. Puligilla Hanmantha Rao	30.09.2010	--	Appointed as Director liable to be retired by rotation
11	Prof. Haripuram Venkateshwarulu	30.09.2010	--	Appointed as Director liable to be retired by rotation
12	Mr. Doddapaneni Seetharamaiah	30.09.2010	--	Appointed as Director liable to be retired by rotation

Organisation chart



### **Corporate Governance**

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to Corporate Governance will be applicable to the Company immediately upon the listing of the Equity Shares with the Stock Exchanges. Pursuant to listing, the Company shall comply with the requirements of the applicable regulations, including the Listing Agreement to be entered into with the Stock Exchanges and the SEBI (ICDR) Regulations, in respect of Corporate Governance including constitution of the Board and committees thereof. The Corporate Governance framework is based on an effective independent board, separation of the board's supervisory role from the executive management team and constitution of the board Committees, as required under law.

The Company has constituted its Board of Directors in compliance with the Companies Act and the Listing Agreement with Stock Exchanges and in accordance with best practices in Corporate Governance. The Board of Directors functions either as a full board or through various committees constituted to oversee specific operational areas. The executive and non executive management provides its Board of Directors detailed reports on its performance periodically.

Currently, the Board of Directors has six Directors and the Chairman of the Board of Directors is an Executive Director.

### **Committees of the Board**

The Company has constituted the following committees of the Board of Directors for compliance with Corporate Governance requirements vide Resolution of the Board of Directors of Company in their meeting held on August 16, 2010:

- (a) Audit Committee;
- (b) Remuneration Committee
- (c) Shareholders'/ Investors' Grievance Committee

#### **Audit Committee**

Name of the Director	Status
Mr. Puligilla Hanmantha Rao	Chairman
Prof. Haripuram Venkateshwarulu	Member
Mr. Doddapaneni Seetharamaiah	Member

The terms of reference of the Audit Committee are broadly defined as under:

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditors, the replacement or removal of statutory auditor, fixation of audit fees and also approval for payment of any other services.
- Review with management of the annual financial statements before submission to the Board, focusing primarily on:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in term of clause (2AA) of section 217 of Companies Act, 1956.
  - Any changes in accounting policies and practices;
  - Major accounting entries based on exercise of judgment by management;
  - Qualifications in draft audit report;
  - The going concern assumption;
  - Compliance with accounting standards;
  - Compliance with stock exchange and legal requirements concerning financial statements;

- Disclosure of any related party transactions i.e., transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of Company at large.
- Reviewing with the management, quarterly financial statements before submission to the board for approval.
- Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the Company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.

#### **Remuneration Committee**

The Remuneration Committee comprises of following members -

Name of the Director	Status
Mr. Puligilla Hanmantha Rao	Chairman
Prof. Haripuram Venkateshwarulu	Member
Mr. Doddapaneni Seetharamaiah	Member

The terms of reference of the Remuneration Committee include the following:

1. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
  - (i) The Securities and Exchange Board of India (Insider Trading) Regulations, 1992; or
  - (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995.
2. Determine on behalf of the Board and the shareholders the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment.

3. Approve the remuneration of executive Directors of the Company as may be required pursuant to the provisions of the Companies Act, 1956.
4. Perform such functions as are required to be performed by the Remuneration Committee under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, in particular, those stated in Clause 5 of the ESOP Guidelines.
5. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.”

**Shareholders'/ Investors' Grievance Committee**

Name of the Director	Status
Mr. Darapuneni Murali	Chairman
Mr. Puligilla Hanmantha Rao	Member
Prof Haripuram Venkateshwarulu	Member

The terms of reference of the Shareholders' / Investors' Grievance Committee include the following:

1. Efficient transfer of shares including review of cases for refusal of transfer / transmission of shares and debentures;
2. Redressing of shareholders and investor complaints such as non-receipt of declared dividend, annual report, transfer of Equity Shares and issue of duplicate/split/consolidated share certificates;
3. Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of Equity Shares and other securities issued by the Company, including review of cases for refusal of transfer/ transmission of shares and debentures;
4. Allotment and listing of shares in future;
5. Review of cases for refusal of transfer / transmission of shares and debentures;
6. Reference to statutory and regulatory authorities regarding investor grievances;
7. Ensure proper and timely attendance and redressal of investor queries and grievances; and
8. To do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.

**Policy on Disclosures and Internal Procedure for Prevention of Insider Trading**

The provisions of Regulation 12 (1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 will be applicable to the Company immediately upon the listing of its Equity Shares on the Stock Exchanges. It shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 1992 prior to listing of its Equity Shares.

### Key Managerial Personnel

In Addition to the Whole-time Directors of the Company the brief profile of the Key Managerial Personnel is given below:-

Sr. No.	Name of the Employee	Designation	Qualification	Experience (years)	Previous employment	Date of Appointment
1.	Mr. T. Rajesh	General Manager (projects), Project works & Business Development	B. Tech	11	Progressive Constructions Pvt. Ltd & ICSA India Ltd & Servomax India Ltd	April 12, 2010
2.	Mr. T V Hari Prasad	Accounts Manager	Master in Business Administration (Finance), CA (Inter)	16	Vasavi Power Services Pvt. Ltd, Nelapala Technologies Pvt. Ltd, Saiber Soft Systems Pvt Ltd	August 10, 2010
3.	Ms.K Suneetha	Manager (Accounts & Finance)	M.Com, PGDBAM	20	Roopa Industries Ltd, Orien Elevator Co. Pvt. Ltd, Fine Plast Polymers Ltd	May 20, 2010
4.	Mr. P Kiran Babu	Project Manager	Diploma in Electrical Engineering	11	ICCom Tele Ltd Controls & Schematics Pvt Ltd & Reliance Energy Ltd	May 15, 2010
5.	Mr. B Raj Mohan	Project Incharge	Diploma in Civil Engineering	30	ZP (Gadchiroli) Maharashtra	January 4, 2010
6.	Mr. Purushotham Reddy	Project Incharge	B.Tech in Electrical & Electronics Engineering	6	-	December 08, 2004
7.	Mr.K Rajesh Babu	Company Secretary	M Com, ACS	-	-	February 17, 2011

Except Mr. K Rajesh Babu (who is on probation), All the key management personnel are on the payrolls of the Company as permanent employees. None of the above mentioned key managerial personnel are related to each other. None of the key managerial personnel are appointed pursuant to any arrangement or understanding with major shareholder, customer or supplier.

**Mr. T. Rajesh** - aged 32 years, holds a degree of Bachelor of Technology (Electronics and Communications) from Jawaharlal Nehru Technological University, Andhra Pradesh. Prior to joining the Company, he worked with organisations like Servomax India Limited, ICSA(India) Limited, BS Transcomm Private Limited, Pavani Controls & Panels Ltd., Progressive Construction Limited and Dynamic Engineering Services. He has handled project involving erection of 220kv, 132kv, 33kv substations and transmission line and 33kv, 11kv, LT electrical experience includes preparation of estimates, tendering, billing etc. He is currently working as General Manager (projects), Project works & Business Development and take care of of overall Management of Electrical Distribution and Transmission Trunkey Projects in Andhra Pradesh & Madhya Pradesh Maharastra, Karnataka.

**Mr. T V Hari Prasad** - aged 42 years, has done is a Master in Business Administration has overall experience of 16 years in the in the Areas of Finance & Accounts and Statutory Matters. Prior to VPL he has worked with Vasavi Power Services Pvt Ltd, Nelapala Technology Pvt Lt., Saiber Soft Systems Pvt Ltd., Aqua Chemical and Systems Manufacturing Pvt Ltd., Ellanti & Co., and Nathan and Madhan & Co., He currently working as Manager - Accounts looking after Company's accounts matters and Verification of Bank Vouchers.

**Ms. K. Suneetha** - aged 46 years, has completed her M.Com and Post Graduate Diploma in Business and Administration Management. She has overall experience of 20 years in Finance, Audit and Accounts. Prior to VPL she has worked with Roopa Industries Limited, Orien Elevator Company Private Limited, Fine Plast Polymers Limited. At VPL she is incharge for Finance, Accounts and Treasury operations.

**Mr. P Kiran Babu** - aged 34 years, holds degree of Bachelor of Commerce from Nagarjuna University. He has overall experience of 11 years. Prior joining VPL he worked with like ICOMM Tele Limited, AP Transco HVDS Project, Controls & Schematics Pvt Limited, Reliance Energy Limited. His experience include 132/33 Kv line substation, site work execution and survey of 11 kv line for village electrification. He is presently working as Project Manager at Wadagare Site.

**Mr. B Raj Mohan** - aged 59 years, completed his Diploma in Civil Engineering from Jawarharlal Nehru Technological University, Andhra Pradesh. Earlier he worked as section Engineer at Zillah Parishad Gadchiroli for 29 years. He has overall experience of 30 years in Civil Works, Estimates and Layouts. He is designated as Project Manager and currently he is working as Site Engineer at Chandrapur site.

**Mr. V Purushotham Reddy** - aged 28 years holds Bachelors in Technology (Electrical and Electronics Engineering) from Jawaharlal Nehru Technology University, Hyderabad. He jointed VPL in August 2004. He is designated as Project Incharge and his areas of operations include erection of high tension lines with small capacity distribution transformers and erection and commissioning of 33/11 KVA substations and coordination with department authorities.

**Mr. K Rajesh Babu** - aged 25 years, holds Masters Degree of Commerce from Nagarjuna University and is an Associate Company Secretary with the Institute of Company Secretaries of India. He joined VPL in February 2011. He overlooks secretarial and other statutory matters.

#### **Shareholding of Key Managerial Personnel**

None of the Key Managerial Personnel hold shares in the Company.

#### **Compensation paid to Key Managerial Personnel**

S. No	Name of the Employee	Compensation per Annum for the FY 2009-10 (₹ in lakhs)
1	Mr. T. Rajesh	12.05
2	Ms. K. Suneetha*	Nil
3	Mr. T V Hari Prasad	4.56
4	Mr. Purushotham Reddy	2.62
5	Mr. P Kiran Babu	3.96
6	Mr. B Raj Mohan	1.92
7	Mr. K Rajesh Babu*	Nil

\*joined after FY2009-10

**Bonus or Profit Sharing Plan for the Key Managerial Personnel**

There is no Profit Sharing Plan for the Key Managerial Personnel. The Company makes bonus payments to the employees based on their performances, which is as per their terms of appointment.

**Changes in Key Managerial Personnel during last three years**

S.No	Name of the Employee	Date of joining	Date of Change	Reasons for change
1	Mr. V Uma Ramalingeshwar Rao	23.09.2009	--	Appointment
2	Mr. A Sai Babu	09.11.2009	--	Appointment
3	Mr. B Raj Mohan	04.01.2010	--	Appointment
4	Mr. T. Rajesh	12.04.2010	--	Appointment
5	Mr. P Kiran Babu	15.05.2010	--	Appointment
6	Ms. K Suneetha	20.05.2010	--	Appointment
7	Mr. T V Hari Prasad	10.08.2010	--	Appointment
8	Mr. Sai Babu	-	30.11.2010	Resignation
9	Mrs.D.Padma	19.01.2011	--	Appointment
10	Mrs. D. Padma	--	17.02.2011	Resignation
11	Mr. K Rajesh Babu	17.02.2011	--	Appointment
12	Mr. V Uma Ramalingeshwar Rao	--	28.02.2011	Resignation

**Payment or Benefit to Officers of the Company (non salary related)**

The Company has a performance linked bonus (Company Performance + Individual Performance) and a profit sharing scheme for their employees. The Key Managerial Personnel of the Company do not have any interest in the Company other than to the extent of the remuneration or benefits or profit sharing to which they are entitled as per the terms of their appointment and reimbursement of expenses incurred by them during the ordinary course of business.

**Payments or Benefits to the Employees of the Company**

Except for remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the course of their employment, the Company does not provide any benefits to its employees.

**Employee Stock Option or Employee Stock Purchase Scheme**

The Company currently does not have any Employee Stock Option or Employee Stock Purchase Scheme for its employees.

## F. PROMOTERS AND PROMOTER GROUP COMPANIES

The details of Promoters of the Company are as under:-

	<b>Mr. Komaravelli Shiva Kumar</b> - Chairman & Managing Director:- aged 52 years holds a bachelor's degree in commerce and Fellow Member of Institute of Chartered Accountants of India. He started his career as Practicing Chartered Accountant in 1986 and in 1995 he became a member of Hyderabad Stock Exchange Limited. He has an overall experience of 24 years in various businesses, including financial markets, real estate, Project management, etc. He is responsible for devising the strategic plan, business development and overall management of VPL.
	<b>Mr. Darapuneni Murali</b> - Executive Director: aged 52 years is a commerce graduate and Associate Member of Institute of Chartered Accountants of India. He started his career as practicing chartered accountant in 1987. Later he became member of Hyderabad Stock Exchange Limited in 1995 and continued business in financial markets upto 1998. He has also worked as SAP functional consultant for three years with M/s. Pegasus Software Inc., New Jersey, USA. He has an overall experience of 25 years in various sectors. He looks after day to day operations of various projects in execution and business development of the Company.

Identification Particulars	Details
<b>Mr. Komaravelli Shiva Kumar</b>	
Permanent Account Number	AAYPK8925A
Passport Number	H3897920
Driving License Number	180580/HC/78
Voter ID	WVQ0009761
Other Directorship	M/s. Sakila Estates Limited M/s. Vishwanath Stocks Private Limited M/s. Manjeera Hotels & Resorts Limited.

Identification Particulars	Details
<b>Mr. Darapuneni Murali</b>	
Permanent Account Number	ADZPD3718J
Passport Number	H6740616
Driving License Number	DLRAP009233322008
Voter ID	WVQ0009647
Other Directorship	M/s. Sakila Estates Limited M/s. JVS Securities Private Limited

The Company confirms that the details of the PAN, bank account number and passport number of the Promoters will be submitted to the Stock Exchanges, where the securities of the Company are proposed to be listed at the time of filing of the Draft Red Herring Prospectus.

Further, the Promoters and Promoter Group, including relatives of the Promoters and other Ventures of the Promoters, have confirmed that they have not been detained as willful defaulters by the RBI or any other governmental authority.

There are no violations of securities laws committed by them in the past or are pending against the Promoters or persons in control of bodies corporate forming part of the Promoter Group

have been restricted from accessing the capital markets for any reasons, by SEBI or any other authorities.

#### **Interest of Promoters and Common Pursuits**

Save and except as stated otherwise in the chapters titled '*Business Overview*' and '*Management*' and the section titled '*Financial Statements*' beginning on page nos. 82, 109, and 132, respectively, of this Draft Red Herring Prospectus, and to the extent of Equity Shares held by them, the Promoters do not have any other interests in the Company as on the date of filing of this Draft Red Herring Prospectus with SEBI.

None of the other ventures of the Promoters are involved in activities similar to those conducted by the Company except Sakila Estates Limited

#### **Disassociation by the Promoters in the Last three years**

The Promoters have not disassociated themselves from any Companies in the last three years.

#### **Defunct Group Companies of the Promoters**

There are no defunct Group Companies of the Promoters.

#### **Payment or benefit to Promoters**

The Promoters are interested in the Company to the extent of their shareholding, for which they are entitled to receive the dividend declared, if any, by the Company.

Since Mr. Komaravelli Shiva Kumar and Mr. Darapuneni Murali are Whole time Directors of the Company, they are interested to the extent of the remuneration received/receivable from the Company, as disclosed under the section "Management" beginning on page 123 of this Draft Red Herring Prospectus.

For details of transactions with Promoter Group companies and other interests of the promoters, refer to the section on "Related Party Transactions" appearing on page 159 of this Draft Red Herring Prospectus.

Other than those stated above, there are no interests of Promoters or payment or benefit to promoters except as mentioned elsewhere in this Draft Red Herring Prospectus.

#### **Promoter Group**

In addition to the Promoters named above, the following natural persons are part of the Promoter Group.

The natural persons who are part of the Promoter Group (due to their relationship with the Promoters), other than the Promoters name above are as follows:-

<b>Relationship with the Promoters</b>	<b>Mr. Darapuneni Murali</b>	<b>Mr. Komaravelli Shiva Kumar</b>
Father	Mr.D.R.Narsimha Rao	K.Vishwanatham
Mother	Smt.D.Anjana Devi	Smt.Shyamalamba
Spouse	Mrs. Darapuneni Sailaja	Mrs. Komaravelli Swathi
Son	Mr.D.Y.Jaideep Mr.D.M.Sai Ram	Mr.K.Vishwanath
Daughter	NA	Ms.K.Vishwani
Brother	Mr.D.Vijay Kumar	Mr.K.Shiva Prasad Mr.K.Shivaiah Mr.K.Dayaker Mr.K.Chandrasekhar

Sister	Mrs.K.Rama Devi Mrs.N.Laxmi Prasanna	Mrs.G.Anasuya Mrs.K.Leelavathi Mrs.B.Padmavathi Mrs.T.Annapurna
Spouse's Father	Late G.Jaipal Rao	Mr.Hari Vaijanath Kotalwar
Spouse's Mother	Mrs.G.Vijaylaxmi	Mrs.Vimal Kotalwar
Spouse's Brother	Mr.G.Srinivas Mr.G.Sreemannarayana	Mr.Deepak Hari Kotalwar Mr.Venkatesh Hari Kotalwar
Spouse's Sister	Mrs.K.Neeraja Mrs.J.Padmaja	Mrs.Lata Bejgam Mrs.Manju Amman Mrs.Seema Kotalwar

Nature of Relationship	Entity
Any body corporate in which 10% or more of the equity share capital is help by the Promoter or an immediate relative of the promoter or a Firm or Hindu Undivided Family ("HUF") in which the Promoter or any one or more of his immediate relative is a member	1. JVS Securities Private Limited 2. Vishwanath Transformers Limited 3. Sakila Estates Limited 4. Vishwanath Stocks Limited
Any body corporate in which a body corporate as mentioned above holds 10% or more, of the equity share capital	NIL
Any HUF or Firm in which the aggregate shareholding of the promoter and his immediate relatives is equal to or more than 10%	NIL

**Sales or Purchases exceeding 10% in Aggregate, in value of the Total Sales or Purchases of the Company**

Except as disclosed in the sections titled "Financial Statements - Annexure XV" there are no sales or purchase between the Group Companies or associate companies where such sales or purchases exceed 10% in aggregate, in value of the total sales or purchases of the Company.

## **G. Other ventures promoted by the Promoters:-**

The following are the companies/ventures promoted by the Promoters:-

1. Sakila Estates Limited
2. Vishwanath Transformers Limited
3. Vishwanath Stocks Private Limited
4. JVS Securities Private Limited

### **1. M/s. Sakila Estates Limited (SEL)**

SEL was incorporated on August 26, 1997 as a public limited Company with the main objective of carrying on the business of real estates and properties; builders, contractors, fabricators etc., SEL has obtained certificate of commencement of business from RoC dated September 3, 1997.

#### **Board of Directors as on 31.03.2011**

1. Mr. Komaravelli Shiva Kumar - Director
2. Mr. Darapuneni Murali - Director
3. Mrs. Komaravelli Swathi - Director

#### **Business activity**

SEL has been incorporated with the main object of real estates and properties i.e., purchase, sale and promotion of lands or sale, development or promotion of satellite townships, sale of purchase, development and promotion of houses, plots, flats, apartments, factories, green agro estates, beach-resorts, farm houses, guest houses, community halls, places of amusements and to dispose of the same on instalment basis or by outright sale whether by private treat or by auction or in any other mode or disposition all or any integral part thereof.

#### **Capital Structure:**

The authorised share capital of SEL is ₹30,00,000/- (Rupees thirty lakhs only) divided into 3,00,000 (three lakh only) equity shares of ₹10/- each. The paid up capital of SEL is ₹ 5,00,000 (Rupees five lakh only) divided into 50,000 (fifty thousand only) equity shares of ₹10/- each.

#### **Shareholding pattern as on 31.03.2011**

Name	No. of shares of ₹10/- each	% age
Mr. Komaravelli Shiva Kumar	45000	90.00
Mr. Darapuneni Murali	100	0.20
Mrs. Komaravelli Swathi	3000	6.00
Mr. Jyothirlingam	1000	2.00
Mr. K. Pradeep	100	0.20
Mr. B. Srikanth	100	0.20
Mr. K. Srivijay	100	0.20
Mr. K. Kiran	600	1.20
<b>Total</b>	<b>50000</b>	<b>100.00</b>

#### **Financials for the last three years ended March 31st**

(₹ in Lakhs)

Particulars	2009-2010	2008-2009	2007-2008
Sales (Services)(closing stock)	0.97	0.97	0.97
Other Income	--	--	0.71

Profit Before Tax	(0.30)	(1.75)	(1.19)
Profit After Tax	(0.30)	(1.75)	(1.19)
Share Capital	5.00	5.00	5.00
Reserve & Surplus	29.95	30.24	35.82
Net Worth	34.95	35.24	39.43
EPS (in ₹)	(0.60)	(3.50)	(2.38)
NAV (in ₹)	69.90	70.48	78.87

### Litigation

There are no litigation pending by or against SEL. Further, no notices were issued against SEL.

### 2. M/s. Vishwanath Transformers Limited (VTL)

VTL was incorporated on November 22, 2004 as a private limited company with the main objective of carrying on the business as manufacturers, importers, exporters, producers, assemblers and Dealers in transformers of all shapes and descriptions. Subsequently VTL got converted into a Public Limited Co and has obtained fresh certification of incorporation dated July 13, 2006.

#### Board of Directors as on 31.03.2011

Mr.K.Vishwanath - Director  
 Mr. K.Amarnath Gupta - Director  
 Mr. B.Srikanth - Director  
 Mrs. Darapuneni Sailaja - Director  
 Mr. K.Mallikarjun - Director

#### Business activity

VTL has been incorporated with the main object of manufacturers, importers, exporters, producers, assemblers and Dealers in transformers of all shapes and descriptions voltage stabilizers UPS voltage Regulators conductors and to fabricate/and to fabricate/manufacture or acquire all articles products which are generally in the above business or capable of being so used.

#### Capital Structure:

The authorised share capital of VTL is ₹3,00,00,000/- (Rupees three hundred lakhs only) divided into 30,00,000 (thirty lakhs only) equity shares of ₹10/- each. The paid up capital of VTL is ₹ 2,65,00,000 (Rupees two hundred and sixty five lakh only) divided into 26,50,000 (twenty six lakhs fifty thousand only) equity shares of ₹10/- each.

#### Shareholding pattern as on 31.03.2011

Name	No. of shares of ₹10/- each	% age
Mr. K. Vishwanath	11,20,000	42.27
Mr. K. Kiran	8,50,000	32.07
Mr Venkateswarlu	1,40,000	5.28
Mrs. K. Sudha	1,25,000	4.72
Mrs. Darapuneni Sailaja	75,000	2.83
Mrs. K.Sree Rekha	75,000	2.83
Mrs. K.Sruthi	75,000	2.83
Mr. H.Venkateswarlu	60,000	2.26
Mr. G.Srinivas	50,000	1.89
Mr. G.Anjaneyulu	40,000	1.51

Mrs. N.Venkata Subbamma	40,000	1.51
<b>Total</b>	<b>26,50,000</b>	<b>100.00</b>

#### Financials for the last three years ended March 31st

(₹ in Lakhs)

Particulars	2009-2010	2008-2009	2007-2008
Sales (Services)	3964.95	1842.71	926.89
Other Income	19.72	8.56	21.93
PBT	253.76	96.40	52.20
PAT	162.07	60.71	34.69
Share Capital	265.00	161.50	104.50
Reserve & Surplus	266.87	100.54	39.84
Net Worth	531.87	262.04	144.34
EPS (in ₹)	6.12	3.76	3.32
NAV (in ₹)	20.07	16.23	13.81

#### Litigation

There are no litigations pending by or against VTL. Further, no notices were issued against VTL.

#### 3. M/s. Vishwanath Stocks Private Limited (VSPL)

VSPL was incorporated on May 13, 1999 as a KNV Stocks Private Limited Company with the main objective to become Corporate Member of any Stock Exchange in India and abroad either by direct application or by taking over the existing business. Subsequently the VSPL was changed to Vishwanath Stocks Private Limited on March 03, 2004.

#### Board of Directors as on 31.03.2011

Mr. Komaravelli Shiva Kumar	- Director
Mr. Komaravelli Swathi	- Director
Mr. Kasupa Sandeep	- Director

#### Business activity

VSPL has been incorporated with the main object to become Corporate Member of any Stock Exchange in India and abroad either by direct application or by taking over the existing business of any individual Member of any Stock Exchange on going concern basis or otherwise as is permissible.

#### Capital Structure

The authorised share capital of VSPL is ₹20,00,000/- (Rupees twenty lakhs only) divided into 2,00,000 (two lakh only) equity shares of ₹10/- each. The paid up capital of VSPL is ₹ 20,00,000 (Rupees twenty lakh only) divided into 2,00,000 (two lakhs only) equity shares of ₹10/- each.

#### Shareholding pattern as on 31.03.2011

Name	No. of shares of ₹10/- each	% age
Mr. Komaravelli Shiva Kumar	1,30,500	65.25
Mrs. Komaravelli Swathi	25,500	12.75
Mr. Kasupa Sandeep	2,000	1.00
Mr. K. Vijay	2,000	1.00
Mr. V. Chandra Sekhar	10,000	5.00
Mrs. V. Sita Mahalaxmi	10,000	5.00
Mr. K. Kiran	20,000	10.00

<b>Total</b>	<b>2,00,000</b>	<b>100.00</b>
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**Financials for the last three years ended March 31st**

**(₹ in Lakhs)**

<b>Particulars</b>	<b>2009-2010</b>	<b>2008-2009</b>	<b>2007-2008</b>
Sales ( Services)	--	--	--
Other Income	--	--	--
PBT	(0.03)	(0.05)	(0.07)
PAT	(0.03)	(0.05)	(0.07)
Share Capital	20.00	20.00	20.00
Reserve & Surplus	0.28	0.31	0.36
Net Worth	20.28	20.31	20.36
EPS (in ₹)	(0.01)	(0.03)	(0.04)
NAV (in ₹)	10.14	10.16	10.18

**Litigation**

There are no litigations pending by or against VSPL. Further, no notices were issued against VSPL.

**4. M/s. JVS Securities Private Limited (JVSSPL)**

JVSSPL was incorporated on February 18, 1987 as a private limited company with the main objective to become Corporate Member of any Stock Exchange in India and abroad either by direct application or by taking over existing business of any individual Member of any Stock Exchange on going concern basis of otherwise as is permissible.

**Board of Directors as on 31.03.2011**

Mr. Darapuneni Murali	- Director
Mr. Darapuneni Sailaja	- Director
Mr. Darapuneni Vijay Kumar	- Director

**Business activity**

JVSSPL has been incorporated with the main objective to become Corporate Member of any Stock Exchange in India and abroad either by direct application or by taking over existing business of any individual Member of any Stock Exchange on going concern basis or otherwise as is permissible.

**Capital Structure:**

The authorised share capital of JVSSPL is ₹25,00,000/- (Rupees twenty five lakhs only) divided into 2,50,000 (two lakh fifty thousand only) equity shares of ₹10/- each. The paid up capital of JVSSPL is ₹ 19,00,000 (Rupees nineteen lakh only) divided into 1,90,000 (one lakh ninety thousand only) equity shares of ₹10/- each.

**Shareholding pattern as on 31.12.2010**

Name	No. of shares of ₹10/- each	% age
Mr. Darapuneni Murali	25,000	13.16
Mrs. Darapuneni Sailaja	60,500	31.84
Mr.D. Narsimha Rao	10,000	5.26
Mr. Darapuneni Vijay Kumar	23,500	12.37
Mrs.K.Neeraja	10,000	5.26
Mr.G.Srinivas	4,000	2.11
Mrs.G.Vijaya Laxmi	7,000	3.68
Mrs.G.Sree Laxmi	4,500	2.37
Mr.G.Seemannarayana	4,500	2.37
Mr.D.M.Sairam	4,000	2.11
Mr.R.Ram Mohan Rao	5,000	2.63
Mrs.R.Jayasree	5,000	2.63
Mr.D.Siddartha	2,500	1.32
Mr.D.Sravan Kumar	2,500	1.32
Mr.Ch.Appa Rao	4,000	2.11
Mrs.N.Laxmi Prasanna	6,000	3.16
Mr.K.Madhusudhan Rao	6,000	3.16
Mrs.D.Anjana Devi	6,000	3.16
<b>Total</b>	<b>1,90,000</b>	<b>100.00</b>

**Financials for the last three years ended March 31st**

(₹ in Lakhs)

Particulars	2009-2010	2008-2009	2007-2008
Sales (Services)	9.42	5.17	13.39
Other Income	--	--	--
PBT	1.74	(1.36)	4.00
PAT	1.74	(1.36)	3.93
Share Capital	19.00	19.00	19.00
Reserve & Surplus	6.54	6.17	6.17
Net Worth	25.54	23.81	25.17
EPS (in ₹)	0.92	(0.72)	2.07
NAV (in ₹)	13.44	12.53	13.25

**Litigation**

There are no litigations pending by or against JVSSPL. Further, no notices were issued against JVSSPL.

## **G. CURRENCY OF PRESENTATION**

All references to “Rupees” or “₹” are to Indian Rupees, the official currency of the Republic of India. All numbers in this document have been prescribed in lakhs or in whole numbers where the numbers have been too small to present in lakhs. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

## **H. RELATED PARTY TRANSACTIONS**

For details on related party transactions, see the Annexure XV of the Financial Statements at page 159 of this Draft Red Herring Prospectus.

## **I. DIVIDEND POLICY**

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the shareholders, at their discretion, and will depend on a number of factors, including but not limited to the profits, capital requirements and overall financial condition. The Board may also from time to time pay interim dividends. All dividend payments are made in cash to the shareholders of the Company. The following are the details of the dividends paid by the Company since Fiscal 2005-06:

Particulars	Financial Years				
	2009-10	2008-09	2007-08	2006-07	2005-06
Equity Share Capital (₹ In Lakhs)	720.00	360.00	360.00	360.00	360.00
Face Value	10	10	10	10	10
No. of Shares (In lakhs)	72.00	36.00	36.00	36.00	36.00
Final Dividend %	6	12	-	5	-
Interim Dividend %	-	-	-	-	-
Rate of Dividend %	6	12	-	5	-
Final Dividend (₹ In Lakhs)	43.20	43.20	-	18.00	-
Interim Dividend (₹ In Lakhs)	-	-	-	-	-
Corporate Dividend Tax (₹ In Lakhs)	7.34	7.34	-	2.52	-

The amounts paid as dividends in the past are not in any manner indicative of the dividend policy or dividends, if any, that may be declared or paid in the future.

## SECTION V - FINANCIAL INFORMATION

### A. FINANCIAL STATEMENTS

#### Auditors report

To  
The Board of Directors,  
Vishwanath Projects Limited,  
3-5-874/A, #401, R.K. Vipanchi Estates  
Hyderabad - 500 029

Dear Sirs,

**Sub: Proposed Initial Public Offer of "VISHWANATH PROJECTS LIMITED".**

#### A) Financial Information as per Audited Financial Statement

- 1) We have examined the annexed restated financial information of Vishwanath Projects Limited, Hyderabad for the purpose of disclosure in the Offer Document being issued by the Company in connection with the Public Issue of Equity Shares of the Company (referred to as "the issue"). The restated financial information is based on the audited accounts adopted by the Board of Directors for the period ended October 31<sup>st</sup> 2010 and the five financial years ended March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007, and March 31, 2006. These restated financial information have been extracted from the financial statements for the period ended 31<sup>st</sup> October, 2010 and for the year ended March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007, and March 31, 2006, have been audited by us. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these accounts based on the audit.
- 2) In accordance with the requirements of:
  - a) Paragraph B (1) of Part II of Schedule II of the Companies Act, 1956 ('the Act');
  - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("Regulations") and the related clarifications issued by the Securities and Exchange Board of India ('SEBI') as amended to date;
  - c) The terms of reference with the Company dated 24<sup>th</sup> December 2010 requesting us to carry out work in connection with the Offer Document as aforesaid.

We report that the restated assets and liabilities of the Company as at October 31<sup>st</sup> 2010 and the five financial years ended March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007, and March 31, 2006 are as set up in "Annexure I" to this report after making such adjustments / restatements and regrouping as in our opinion are appropriate and more fully described in the notes appearing in "Annexure IV" to this report. We report that the restated profits and loss statements of the company for the period ended October 31<sup>st</sup> 2010 and the five financial years ended March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007, and March 31, 2006, are as set out in "Annexure II" to this report. These profits and losses have been arrived at after charging all expenses including depreciation and after making such adjustments / restatements and regrouping as in our opinion are appropriate and more fully described in the notes appearing in "Annexure IV" to this report.

We report that the restated cash flows of the Company for the period ended October 31<sup>st</sup> 2010 and the five financial years ended March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007, and March 31, 2006 are as set out in "Annexure III" to this report.

These cash flows have been arrived at after making such adjustments / restatements and regrouping as in our opinion are appropriate and more fully described in the notes appearing in "Annexure IV" to this report

**B) Other Financial Information**

We have examined the following financial information relating to the Company as approved by the Board of Directors for the purpose of inclusion in the Offer Document:

1. Age-wise analysis of Sundry Debtors (Annexure V),
2. Details of Loans and Advances (Annexure VI),
3. Statement of Secured Loans (Annexure VII),
4. Statement of Unsecured Loans (Annexure VIII),
5. Statement of Other Income (Annexure IX),
6. Statement of Dividends (Annexure X),
7. Financial Ratios (Annexure XI),
8. Capitalisation Statement (Annexure XII),
9. Tax Shelters Statement (Annexure XIII),
10. Statement of Investments (Annexure XIV), and
11. Transaction with the Related Parties (Annexure XV).
12. Changes in significant accounting policies (Annexure XVI).

C) In our opinion the above financial information of the Company as stated in Para A & B above read with significant accounting policies and adjusted notes appearing in "Annexure IV" to this report, after making adjustments and re-grouping as considered appropriate, has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Regulations.

This report should not in any way be construed as a reissuance or redating of any of the previous audit report nor should this be construed as a new opinion on any of the financial statements referred to herein.

This report is intended solely for your information and for inclusion in the Offer Document in connection with the Initial Public Offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Yours faithfully,

**For SPAD & ASSOCIATES  
Chartered Accountants**

**L. Prakasham  
Partner  
Membership Number: 028129**

Place: Hyderabad  
Date: April 13, 2011

Annexure - I: SUMMARY OF ASSETS AND LIABILITIES AS RESTATED						(₹ in lakhs)
Particulars	As at 31 <sup>st</sup> October 2010	As At 31st March				
		2010	2009	2008	2007	2006
<b>A. Fixed Assets</b>						
Gross Fixed Assets	162.59	156.98	147.99	140.17	116.14	56.97
Less : Accumulated Depreciation	71.71	61.66	57.60	42.84	29.27	17.72
<b>Net Block Fixed Assets</b>	<b>90.88</b>	<b>95.32</b>	<b>90.39</b>	<b>97.33</b>	<b>86.87</b>	<b>39.25</b>
Less : Revaluation Reserves	--	--	--	--	--	--
<b>Net Fixed Assets After Revaluation Reserves</b>	<b>90.88</b>	<b>95.32</b>	<b>90.39</b>	<b>97.33</b>	<b>86.87</b>	<b>39.25</b>
Capital Work in Progress	--	--	--	--	--	--
<b>Total (A)</b>	<b>90.88</b>	<b>95.32</b>	<b>90.39</b>	<b>97.33</b>	<b>86.87</b>	<b>39.25</b>
<b>B. Investments</b>	--	--	--	--	--	--
<b>C. Deferred Tax Asset (Net)</b>	<b>1.56</b>	<b>1.56</b>	<b>1.38</b>	<b>1.16</b>	<b>1.19</b>	<b>--</b>
<b>D. Current Assets, Loans &amp; Advances</b>						
Sundry Debtors	3097.60	3769.10	941.35	1466.83	354.42	30.38
Cash and Bank Balances	577.73	691.17	518.95	435.96	161.10	7.11
Loans and Advances	188.72	130.40	243.59	82.48	181.87	164.79
Inventories	788.62	872.19	1098.64	999.62	148.55	464.93
Other Current Assets	671.24	625.47	604.44	451.15	88.27	39.86
<b>Total (D)</b>	<b>5323.91</b>	<b>6088.33</b>	<b>3406.97</b>	<b>3436.04</b>	<b>934.21</b>	<b>707.07</b>
<b>E. Liabilities &amp; Provisions</b>						
Secured loans	1102.07	1294.49	329.48	245.14	117.94	144.63
Unsecured loans	215.79	114.52	119.56	110.00	172.86	83.02
Current Liabilities & Provisions	2361.97	3352.31	2213.45	2563.75	276.10	161.08
<b>Total (E)</b>	<b>3679.83</b>	<b>4761.32</b>	<b>2662.49</b>	<b>2918.89</b>	<b>566.90</b>	<b>388.73</b>
<b>F . Net Worth ( A + B + C+D - E)</b>	<b>1736.52</b>	<b>1423.89</b>	<b>836.25</b>	<b>615.64</b>	<b>455.37</b>	<b>357.59</b>
Represented by						
Equity Share Capital	720.00	720.00	360.00	360.00	360.00	360.00
Reserve & Surplus	1027.97	705.34	477.94	257.57	97.54	0.00
Revaluation Reserves	--	--	--	--	--	--
<b>Total</b>	<b>1747.97</b>	<b>1425.34</b>	<b>837.94</b>	<b>617.57</b>	<b>457.54</b>	<b>360.00</b>
Less : - Miscellaneous Expenditure not w/off	11.45	1.45	1.69	1.93	2.17	2.41
<b>G. Net Worth</b>	<b>1736.52</b>	<b>1423.89</b>	<b>836.25</b>	<b>615.64</b>	<b>455.37</b>	<b>357.59</b>

**Note:** The above statement should be read with the Notes on Adjustment and Significant Accounting Policies for the financial Statements as representing in Annexure - IV to the Report.

## Annexure - II

## SUMMARY OF PROFIT AND LOSS AS RESTATED

(₹ In Lakhs)

Particulars	As at 31 <sup>st</sup> October 2010	As At 31st March				
		2010	2009	2008	2007	2006
<b>Income</b>						
Income from Operations	4575.26	10170.15	6031.87	3350.69	2477.35	--
Trading Sales	--	--	--	--	232.58	--
Other Income	13.81	64.13	22.25	62.91	13.20	--
<b>Total Income</b>	<b>4589.07</b>	<b>10234.28</b>	<b>6054.12</b>	<b>3413.60</b>	<b>2723.13</b>	--
<b>Expenditure</b>						
Raw Material Consumed	2305.89	6376.40	3595.39	969.05	1613.64	--
Cost of Traded Goods	--	--	--	--	228.91	--
Operating Expenses	1068.08	1705.43	1351.63	1811.74	475.35	--
Payment & Provision for Employees	120.34	155.18	120.67	72.37	38.35	--
Administrative and Other Expenses	435.84	708.95	355.80	182.66	122.46	--
Finance Cost	160.01	249.49	203.74	120.07	54.74	--
Depreciation & Amortisation	10.14	17.23	15.28	15.02	11.71	--
<b>Total Expenditure</b>	<b>4100.30</b>	<b>9212.68</b>	<b>5642.51</b>	<b>3170.91</b>	<b>2545.16</b>	--
<b>Profit for the Period</b>	<b>488.77</b>	<b>1021.60</b>	<b>411.61</b>	<b>242.69</b>	<b>177.97</b>	--
Add / ( Less) : Prior Period Items	--	--	--	--	--	--
<b>Profit Before Tax &amp; Extra Ordinary Items</b>	<b>488.77</b>	<b>1021.60</b>	<b>411.61</b>	<b>242.69</b>	<b>177.97</b>	--
<b>Add / ( Less) : Provision for Tax</b>						
Current Tax incl. FBT	166.13	368.11	140.92	82.63	61.10	--
Deferred Tax Liability / (Assets)	-	(0.19)	(0.21)	0.03	(1.19)	--
<b>Profit After Tax but before Extra Ordinary Items</b>	<b>322.64</b>	<b>653.68</b>	<b>270.90</b>	<b>160.03</b>	<b>118.06</b>	--
<b>Extra Ordinary Items (Net of Taxes)</b>	--	--	--	--	--	--
<b>Profit After Tax &amp; Extra Ordinary Items</b>	<b>322.64</b>	<b>653.68</b>	<b>270.90</b>	<b>160.03</b>	<b>118.06</b>	--
<b>Balance brought forward from previous year</b>	<b>664.85</b>	<b>462.98</b>	<b>252.91</b>	<b>92.88</b>	--	--
<b>Net Profit Available for Appropriation</b>						
Appropriation	0.01	15.73	--	--	--	--
Proposed Dividend on Equity Shares	--	43.20	43.20	--	18.00	--
Tax on Dividend	--	7.34	7.34	--	2.52	--
Transfer to General Reserves	--	25.54	10.29	--	4.66	--
Bonus Shares Issued	--	360.00	--	--	--	--
<b>Balance carried forward to Balance Sheet</b>	<b>987.48</b>	<b>664.85</b>	<b>462.98</b>	<b>252.91</b>	<b>92.88</b>	--

Note: The above statement should be read with the Notes on Adjustment and Significant Accounting Policies for Restated financial Statements as representing in Annexure - IV to the Report.

## Annexure - III

## STATEMENT OF CASH FLOW STATEMENT AS RESTATED

(₹ In Lakhs)

	Particulars	As at 31 <sup>st</sup> October 2010	As At 31st March				
			2010	2009	2008	2007	2006
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
	Net Profit Before Tax and Extra Ordinary items	488.77	1021.60	411.61	242.69	177.97	--
	Adjustment For						
	Add : Depreciation	10.14	17.23	15.28	15.02	11.71	--
	Preliminary Expenses written off	--	0.24	0.24	0.24	0.24	--
	Short provisions of previous years, provided this year	--	(15.73)	--	--	--	--
	Provision for Taxation	(166.13)	(375.45)	(148.26)	(82.63)	(63.62)	--
	Deferred Revenue Expenses written off	--	0.19	0.21	(0.03)	1.19	--
	Interest (net)	112.04	167.18	111.67	59.47	28.26	--
	<b>Operating Profit Before Working Capital Changes</b>	<b>444.82</b>	<b>815.26</b>	<b>390.75</b>	<b>234.76</b>	<b>155.75</b>	--
	<b>Adjustment for working capital changes</b>						
	(Increase) / Decrease in Trade & Other Receivables	671.50	(2827.75)	525.48	(1112.41)	(324.04)	(30.38)
	(Increase) / Decrease in Advance to suppliers/creditors	--	--	--	--	--	--
	(Increase) / Decrease in Other Current Assets	(45.77)	(21.22)	(153.50)	(362.85)	(49.60)	(39.86)
	Increase / (Decrease) in Trade Payables	(990.34)	1138.86	(350.30)	2287.65	115.02	161.08
	(Increase) / Decrease in Loans and Advances	(58.32)	113.19	(161.11)	99.38	(17.08)	(164.79)
	(Increase) / Decrease in Inventories	83.57	226.45	(99.02)	(851.07)	316.38	(464.93)
	<b>Net Cash used / generated for / from Operations</b>	<b>105.46</b>	<b>(555.21)</b>	<b>152.30</b>	<b>295.46</b>	<b>196.43</b>	<b>(538.88)</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>						
	Purchase of Fixed Assets / Capital Work In Progress	(5.71)	(22.16)	(8.34)	(25.47)	(59.33)	(39.25)
	Investments made	--	--	--	--	--	--
	Miscellaneous Expenditure not written off	(10.00)	--	--	--	--	(2.41)
	<b>Net Cash used in Investing Activities</b>	<b>(15.71)</b>	<b>(22.16)</b>	<b>(8.34)</b>	<b>(25.47)</b>	<b>(59.33)</b>	<b>(41.66)</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>						
	Proceeds form Long Term Borrowings	--	--	--	--	--	--
	Proceeds form Short Term Borrowings	(192.42)	965.01	84.34	127.20	(26.69)	144.63
	Proceeds from Unsecured Loans	101.27	(5.04)	9.56	(62.86)	89.84	83.02
	Interest Paid	(112.04)	(167.18)	(111.67)	(59.47)	(28.26)	--
	Transfers to Dividend & Reserves	--	(43.20)	(43.20)	--	(18.00)	--
	<b>Proceed from Issue of Equity Shares</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>360.00</b>
	<b>Net Cash generated from other sources</b>	<b>(203.19)</b>	<b>749.59</b>	<b>(60.97)</b>	<b>4.87</b>	<b>16.89</b>	<b>587.65</b>
	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(113.44)</b>	<b>172.22</b>	<b>82.99</b>	<b>274.86</b>	<b>153.99</b>	<b>7.11</b>
	Cash & Cash Equivalents - Opening Balance	691.17	518.95	435.96	161.10	7.11	--
	Cash & Cash Equivalents - Closing Balance	577.73	691.17	518.95	435.96	161.10	7.11
	<b>Summary</b>						
A)	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>105.46</b>	<b>(555.21)</b>	<b>152.30</b>	<b>295.46</b>	<b>196.43</b>	<b>(538.88)</b>
B)	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(15.71)</b>	<b>(22.16)</b>	<b>(8.34)</b>	<b>(25.47)</b>	<b>(59.33)</b>	<b>(41.66)</b>
C)	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(203.19)</b>	<b>749.59</b>	<b>(60.97)</b>	<b>4.87</b>	<b>16.89</b>	<b>587.65</b>
	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A)+(B)+(C)+(D)</b>	<b>(113.44)</b>	<b>172.22</b>	<b>82.99</b>	<b>274.86</b>	<b>153.99</b>	<b>7.11</b>

Annexure - IV

NOTES ON ADJUSTMENTS AND SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL STATEMENTS

A. Notes on adjustments/Regrouping

(₹ In Lakhs)

	Particulars	For the period ended 31 <sup>st</sup> Oct 2010	Year Ended 31 <sup>st</sup> March				
			2010	2009	2008	2007	2006
	A. Summary of re-grouping made to keep previous years' figures in line with restated financial statements						
1	<u>Unsecured Loans</u>						
	As per Audited financials	215.79	114.52	232.48	110.00	172.86	83.02
	<b>Adjustments</b>						
	Retention money payable to the suppliers/sub-contractors is grouped under the head Current Liabilities for the year 2008-09. Till then it was grouped under Unsecured loans	--	--	(112.92)	--	--	--
	As per restated Financials	215.79	114.52	119.56	110.00	172.86	83.02
2	<u>Investments</u>						
	As per Audited financials	--	--	0.06	0.06	5.06	5.06
	<b>Adjustments</b>						
	Advances paid to Vishwanath Transformers Limited is grouped under the head Loans and Advances from the year 2007-08 onwards. Till then it was grouped under Investments	--	--	--	--	(5.00)	(5.00)
	NSC certificate is grouped under Other Deposits under the head Loans and Advances from the year 2009-10 onwards. Till then it was grouped under Investments	--	--	(0.06)	(0.06)	(0.06)	(0.06)
	As per restated Financials	--	--	--	--	--	--
3	<u>Deferred tax assets</u>						
	As per Audited Financials	1.56	1.56	1.38	--	--	--
	<b>Adjustments</b>						

	Particulars	For the period ended 31 <sup>st</sup> Oct 2010	Year Ended 31 <sup>st</sup> March				
			2010	2009	2008	2007	2006
	Deferred tax assets are shown separately on the balance sheet as per AS 22 from the year 2008-09 onwards. Till then it was grouped under Other current assets	--	--	--	1.16	1.19	--
	<b>As per restated Financials</b>	<b>1.56</b>	<b>1.56</b>	<b>1.38</b>	<b>1.16</b>	<b>1.19</b>	<b>--</b>
4	<b><u>Sundry debtors:</u></b>						
	<b>As per Audited Financials</b>	<b>3097.60</b>	<b>3769.10</b>	<b>941.35</b>	<b>604.96</b>	<b>207.87</b>	<b>30.38</b>
	<b>Adjustments</b>						
	Sub Contract charges payable are grouped under Current liabilities from the year 2009-10 onwards. It was netted off against sundry debtors for the year 2007-08	--	--	--	861.88	--	--
	Retention Money receivable from customers/ debtors are grouped under sundry debtors over six months considered good from the year 2009-10 onwards. It was shown under deposits for the year 2006-07	--	--	--	--	146.55	--
	<b>As per restated Financials</b>	<b>3097.60</b>	<b>3769.10</b>	<b>941.35</b>	<b>1466.83</b>	<b>354.42</b>	<b>30.38</b>
5	<b><u>Cash and cash balance</u></b>						
	<b>As per Audited Financials</b>	<b>577.73</b>	<b>691.17</b>	<b>107.66</b>	<b>39.82</b>	<b>12.41</b>	<b>7.11</b>
	<b>Adjustments</b>						
	Deposits with Financial institutions are grouped under Cash and cash balance from the year 2009-10 onwards. Till then it was shown as a part of Loans and Advances	--	--	411.30	396.14	148.69	--
	<b>As per restated Financials</b>	<b>577.73</b>	<b>691.17</b>	<b>518.96</b>	<b>435.96</b>	<b>161.10</b>	<b>7.11</b>
6	<b><u>Loans and Advances</u></b>						
	<b>As per Audited financials</b>	<b>188.71</b>	<b>126.71</b>	<b>588.03</b>	<b>519.55</b>	<b>354.99</b>	<b>159.73</b>
	<b>Adjustments</b>						
	Advance paid to Vishwanath Transformers Limited is grouped under the head Loans and Advances from the year 2007-08 onwards. Till then it was grouped under Investments	--	--	--	--	5.00	5.00
	Retention Money receivable from customers/ debtors are grouped under sundry debtors over six months considered good from the	--	--	--	--	(146.55)	--

	Particulars	For the period ended 31 <sup>st</sup> Oct 2010	Year Ended 31 <sup>st</sup> March				
			2010	2009	2008	2007	2006
	year 2009-10 onwards. It was shown under deposits for the year 2006-07						
	Deposits with Financial institutions are grouped under Cash and cash balance from the year 2009-10 onwards. Till then it was shown as a part of Loans and Advances	--	--	(411.30)	(396.13)	(148.69)	--
	Amount payable to few of the sub-contractors are grouped under sub-contractors charges payable under the head Current liabilities from the year 2009-10 onwards. Till then it was netted off against loans and advances under current assets	--	3.69	67.20	35.26	117.06	--
	Prepaid Expenses are grouped under Other Current assets for the year 2007-08. Till then it was grouped under Loans and advances	--	--	(0.40)	(4.73)	--	--
	Duties & Taxes Receivable i.e. VAT Receivable are shown under Other current assets from the year 2009-10 onwards. It was shown under Loans and Advances for the year 2007-08	--	--	--	(93.85)	--	--
	TDS payable is grouped under outstanding liabilities under the head Other Current Liabilities from the year 2009-10 onwards. It was netted off against Duties & Taxes under Loans and advances for the year 2007-08	--	--	--	22.31	--	--
	NSC certificate is grouped under Other Deposits under the head Loans and Advances from the year 2009-10 onwards. Till then it was grouped under Investments	--	--	0.06	0.06	0.06	0.06
	<b>As per restated Financials</b>	<b>188.71</b>	<b>130.40</b>	<b>243.59</b>	<b>82.47</b>	<b>181.87</b>	<b>164.79</b>
7	<b><u>Other current assets</u></b>						
	<b>As per Audited Financials</b>	<b>671.24</b>	<b>625.46</b>	<b>463.73</b>	<b>127.46</b>	<b>24.85</b>	<b>39.86</b>
	<b>Adjustments</b>						
	Advances paid to suppliers/sub-contractors are grouped under Other current assets from the year 2009-10 onwards. Till then it was netted off against sundry creditors	--	--	131.44	226.27	3.51	--
	Provision for Income Tax is grouped under Provisions for the year 2006-07. Till then it was netted off against Advance Income Tax under	--	--	--	--	61.10	--

	Particulars	For the period ended 31 <sup>st</sup> Oct 2010	Year Ended 31 <sup>st</sup> March				
			2010	2009	2008	2007	2006
	Other Current Assets.						
	Deferred tax assets are shown separately on the balance sheet as per AS 22 from the year 2008-09 onwards. Till then it was grouped under Other current assets	--	--	--	(1.16)	(1.19)	--
	Prepaid Expenses are grouped under Other Current assets for the year 2007-08. Till then it was grouped under Loans and advances	--	--	0.40	4.73	--	--
	Duties & Taxes Receivable i.e. VAT Receivable are shown under Other current assets from the year 2009-10 onwards. It was shown under Loans and Advances for the year 2007-08	--	--	--	93.85	--	--
	TDS payable is grouped under outstanding liabilities under the head Other Current Liabilities from the year 2009-10 onwards. It was netted off against Duties & Taxes under other current assets for the year 2008-09	--	--	8.87	--	--	--
	<b>As per restated Financials</b>	<b>671.24</b>	<b>625.46</b>	<b>604.44</b>	<b>451.15</b>	<b>88.27</b>	<b>39.86</b>
8	<b><u>Current Liabilities &amp; Provisions</u></b>						
	<b>As per Audited Financials</b>	<b>2361.97</b>	<b>3348.62</b>	<b>1893.02</b>	<b>1418.02</b>	<b>94.44</b>	<b>161.08</b>
	<b>Adjustments</b>						
	Advances paid to suppliers/sub-contractors are grouped under Other current assets from the year 2009-10 onwards. Till then it was netted off against sundry creditors	--	--	131.44	226.27	3.51	--
	Provision for Income Tax is grouped under Provisions for the year 2006-07. Till then it was netted off against Advance Income Tax under Other Current Assets	--	--	--	--	61.10	--
	TDS payable is grouped under outstanding liabilities under the head Other Current Liabilities from the year 2009-10 onwards. It was netted off against Duties & Taxes under other current assets for the year 2008-09	--	--	8.87	--	--	--
	Sub Contract charges payable are grouped under Current liabilities from the year 2009-10 onwards. It	--	--	--	861.88	--	--

	Particulars	For the period ended 31 <sup>st</sup> Oct 2010	Year Ended 31 <sup>st</sup> March				
			2010	2009	2008	2007	2006
	was netted off against sundry debtors for the year 2007-08						
	Retention money payable to the suppliers/sub-contractors is grouped under the head Current Liabilities for the year 2008-09. Till then it was grouped under Unsecured loans	--	--	112.91	--	--	--
	Amount payable to few of the sub-contractors are grouped under sub-contractors charges payable under the head Current liabilities from the year 2009-10 onwards. Till then it was netted off against loans and advances under current assets	--	3.69	67.21	35.26	117.05	--
	TDS payable is grouped under outstanding liabilities under the head Other Current Liabilities from the year 2009-10 onwards. It was netted off against Duties & Taxes under Loans and advances for the year 2007-08	--	--	--	22.31	--	--
	<b>As per restated Financials</b>	<b>2361.97</b>	<b>3352.31</b>	<b>2213.45</b>	<b>2563.74</b>	<b>276.10</b>	<b>161.08</b>
9	<b>Directors Remuneration</b>						
	<b>As per Audited Financials</b>	<b>18.50</b>	<b>30.00</b>	<b>30.00</b>	<b>16.03</b>	<b>12.60</b>	<b>--</b>
	<b>Adjustments</b>						
	Salaries are erroneously classified as Directors Remuneration for the years 2006-07 and 2007-08, now the same has rectified	--	--	--	0.25	0.60	--
	Sitting fees is erroneously classified as Directors Remuneration for the year 2006-07, now the same has rectified	--	--	--	0.03	0.48	--
	<b>As per restated Financials</b>	<b>18.50</b>	<b>30.00</b>	<b>30.00</b>	<b>15.75</b>	<b>11.52</b>	<b>--</b>

## B. SIGNIFICANT ACCOUNTING POLICIES

### 1. Basis of Preparation of Financial Statements

The Financial Statements have been prepared on accrual basis under the historical cost convention in accordance with the Accounting Standards as notified by the Companies (Accounting Standards) Rule, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements are prepared on going concern assumption.

The financial statements are presented in Indian rupees.

### 2. Fixed Assets and Depreciation

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. The cost of fixed assets comprises the purchase price (net of rebates and discounts) and any other directly attributable costs of bringing the assets to working condition for their intended use. Costs of construction is composed of those costs that relate directly to specific assets and those that are attributable to the construction

activity in general and can be allocated to the specific assets up to the date when the asset is intended to use.

Depreciation on fixed assets is provided using the written down value method as per the rates and in the manner prescribed in Schedule XVI to the Companies Act, 1956.

**3. Inventories**

Raw materials and Work-in-progress are valued at cost using the weighted average cost method. Stores and Spares are carried at cost, ascertained on a weighted average basis.

**4. Revenue Recognition**

Revenue is recognized when it is earned and to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Expenses are accounted for on mercantile basis. But some expenses due to their peculiar nature are accounted for on cash basis.

**5. Borrowing Costs**

Borrowing costs attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard 16 on “Borrowing Costs” are capitalized as part of the cost of such asset up to the date when the asset is ready for its intended use. Other borrowing costs are expensed as incurred.

**6. Taxes on Income**

- i) **Current Tax:** Provision for Current Tax is made based on taxable income computed for the year under the Income Tax Act, 1961.
- ii) **Deferred Taxes:** Deferred Tax is accounted for by computing the tax effect of timing differences which arise during the year and reverse in subsequent periods. Deferred tax assets are recognized and carried forward only to the extent that there is a certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

**7. Provisions, Contingent Liabilities and Contingent Assets**

The Company recognized provisions when there is present obligation as a result of past event and it is probable that there will be an outflow of resources and reliable estimate can be made of the amount of the obligation. A disclosure for Contingent liabilities is made in the notes on account when there is a possible obligation that may, but probably will not, require an outflow of resources. Contingent assets are neither recognized nor disclosed in the financial statements.

**8. Investments:**

Investments that are readily realizable and intended to be held for not more than one year from the date of investment are classified as current investments. All other investments are classified as long term investments, current investments are carried at the lower of cost or net realizable value determined on an individual investment basis. Long term investments are carried at cost less any other than temporary diminution in value, determined separately in respect of each category of investment.

**9. Earnings Per Share**

The Company reports basic and diluted earnings per share in accordance with Accounting Standard (AS) 20, Earnings Per Share notified by the Companies (Accounting Standards) Rules, 2006. Basic Earnings per Share is computed by dividing the net profit for the year attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit for the year, adjusted for the effects of dilutive potential equity shares, attributable to the Equity Shareholders by the weighted average number of the

equity shares and dilutive potential equity shares outstanding during the year except where the results are anti dilutive.

**10. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and notes thereto and the reported amounts of revenues and expenses during the accounting period. Examples of such estimates include provision for doubtful debts, economic useful lives of fixed assets, etc.. Actual results could differ from those estimates.

**11. Impairment of Assets**

The Company has taken into consideration the provisions of Accounting Standard - 28 - Impairment of Assets. The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication is there, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs if recoverable amount is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The company is of the opinion that the assets of the company will generate cash inflow in multi fold compared to the carrying cost of the assets; no provision for impairment has been made.

**12. Employee Benefits**

a. Short term employee benefits

All short term employee benefits such as salaries, wages, special allowances, medical benefits which fall due within 12 months of the period in which the employee renders the related services which entitles him to avail such benefits and non-accumulating compensated absences are recognised on an undiscounted basis charged to the profit and loss account.

Contributions under defined contribution plans in the form of Provident Fund are recognised in the profit and loss account in the period in which the employee has rendered the service.

b. Provision for Gratuity will be applicable from 1/4/2011 and the same will be provided on actuarial valuation basis.

**C. Notes to accounts for the period ended 31<sup>st</sup> October 2010**

**1. Contingent liabilities not provided for**

The Letter of Credit and Bank Guarantees issued in favour of various states of Discoms for an amount of ₹ 128.47 lakhs and ₹ 4477.80 lakhs (previous year ₹ 722.32 lakhs and ₹ 4175.34 lakhs) respectively.

2. The authorised share capital of the Company was increased from ₹ 1000 lakhs (1,00,00,000 Equity Shares of ₹ 10/- each) to ₹ 1500 lakhs (1,50,00,000 Equity Shares of ₹ 10/- each) with effect from 25<sup>th</sup> October 2010.

3. Paid up capital includes 36,00,000 Equity Shares aggregating to ₹ 3,60,00,000/- issued fully paid up bonus issue by capitalisation of reserves.

4. Depreciation on fixed assets was provided on prorate basis for the seven months period.

**5. Secured loans**

a. Cash Credit & Letter of Credit facility from banks is secured by hypothecation of entire current assets of the Company, first charge on the movable fixed assets of the Company and other collateral securities. Further, secured by the personal guarantees of the Directors and their relatives.

b. Hire Purchase Vehicle loan from the finance company is secured by the charge on the vehicle.

6. **Unsecured loans**  
Unsecured loans comprises of loans from Promoters to the extent of ₹98.75 lakhs (₹73.75 lakhs as on 31<sup>st</sup> March 2010), which is payable on demand. Interest payable on this loan is 18% p.a.

7. The Company's operations comprise of only one reportable segment i.e. infrastructure (power projects) business. During the period under report, the Company is engaged in its business only within India and not in any other Country. The conditions prevailing in India being uniform, no separate geographical disclosure is considered necessary.

#### 8. Related Party Disclosures

##### A) Key Management Personnel

Mr. K. Shiva Kumar

Mr. D. Murali

Mrs. K. Swathi

##### B) Relatives of Key Management Personnel

Mr K. Vishwanath

Mrs. D. Sailaja

##### C) Enterprises owned or significantly influenced by Key Management Personnel or their Relatives

M/s Vishwanath Transformers Limited

M/s JVS Securities Private Limited

M/s Sakila Estates Limited

M/s Vishwanath Stocks Private Limited

#### Related Party Transactions

Name of the Party	M/s Vishwanath Transformers Limited	
Nature of Relation	Enterprise having substantial control by relative of Key Managerial Personnel	
Transactions	(₹ in lakhs)	
Particulars (as on)	31.10.2010	31.03.2010
Sales	471.00	1,495.04
Purchases	1,264.73	1,882.34
Net Amount Outstanding	639.87	215.75

Key Managerial Personnel		(₹ in lakhs)	
	Particulars (As on)	31.10.2010	31.03.2010
	Remuneration to Chairman & Managing Director	8.00	12.00
	Remuneration to Whole Time Directors	10.50	18.00
	Interest paid on unsecured loans	6.03	15.34
	<b>Total</b>	<b>24.53</b>	<b>45.34</b>

**9. Auditor Remuneration (excluding service tax) (₹ in lakhs)**

	Particulars (as on)	31.10.2010	31.03.2010
	Audit fee	-	1.00
	Certification fee	-	0.50
	<b>Total</b>	-	<b>1.50</b>

**10. Earnings Per Share (EPS) (₹ in lakhs)**

	Particulars (As on)	31.10.2010	31.03.2010
	Net Profit after tax	322.64	653.68
	Weighted Average number of equity shares @ ₹ 10/- each outstanding	72,00,000	72,00,000
	<b>Earnings Per Share (EPS) (₹)</b>	<b>4.48</b>	<b>9.08</b>

**11. Dividend (₹ in lakhs)**

	Particulars (As on)	31.10.2010	31.03.2010
	Period to which it relates	Nil	2009-10
	No. of Equity Shares (including Bonus Shares of 36,00,000)	72,00,000	72,00,000
	<b>Amount remitted as Dividend</b>	<b>Nil</b>	<b>43.20</b>

**12. Sundry Debtors** Over six months includes retention money of ₹ 864.2 lakhs under performance guarantee with various DISCOMS as per Industry norms.

**13. The Company is regular in depositing with appropriate authorities undisputed statutory dues including Income Tax, Sales Tax, Wealth Tax, Custom Duty, Cess and other material statutory dues applicable to it.**

**14. Based on the information available with the Company, there are no suppliers who are registered under the Micro, Small Scale and Medium Enterprises Development Act, 2006 as at 31<sup>st</sup> October, 2010. Hence, the information as required under Micro, Small Scale and Medium Enterprises Development Act, 2006 is not disclosed.**

**15. Leases**

No Lease agreement has been entered by the Company during the period ended 31<sup>st</sup> October 2010.

**16. ESOP (Employee Stock Option Scheme)**

No ESOP's are issued to Company employees during the period ended 31<sup>st</sup> October 2010

**17. Preliminary Expenses**

Preliminary Expenses (Miscellaneous Expenditure) incurred by the Company are being amortized over a period of 10 years. (Amortization commenced from 2005-06).

**18. Foreign Currency Transaction**

The Company has no Foreign Currency Transactions during the period ended 31<sup>st</sup> October 2010.

19. The Figures of the Previous Year are for 12 months from April 2009 to March 2010 and the figures of the Current Period are for 7 months from April 2010 to October 2010. The Figures of the Previous Year have been rearranged and regrouped wherever considered necessary.

20. We confirm that all the notes to accounts, significant accounting policies have been incorporated. There are no audit qualifications were given in the financial statements, since first audit report.

21. We confirm that there are no other material notes to the Auditors report which has financial bearing on the Company.

**Annexure - V**

**AGE-WISE ANALYSIS OF SUNDRY DEBTORS**

(₹ In Lakhs )

Particulars	As on 31/Oct/10	As at 31 <sup>st</sup> March				
		2010	2009	2008	2007	2006
<b>Receivables</b>						
a) Other than Promoter Group						
More than six months *	888.75	1240.45	354.10	201.56	146.55	21.96
Less than six months	2208.85	2528.65	587.25	1265.27	207.87	8.42
<b>Total (a)</b>	<b>3097.60</b>	<b>3769.10</b>	<b>941.35</b>	<b>1466.83</b>	<b>354.42</b>	<b>30.38</b>
b) From Promoter Group						
More than six months	-	-	-	-	-	-
Less than six months	-	-	-	-	-	-
<b>Total (b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (a) + (b)</b>	<b>3097.60</b>	<b>3769.10</b>	<b>941.35</b>	<b>1466.83</b>	<b>354.42</b>	<b>30.38</b>

\*includes retention money under performance guarantee with various DISCOMS as per Industry norms.

None of the Sundry Debtors are related to Directors/Promoters or the Company.

*Top ten Debtors of the Company as on October 31, 2010*

Party Name	Amount (₹ In Lakhs )
APCPDCL - Nalgonda	949.80
MPPKVCL - Indore	424.75
MSEDCL - Chandrapur	479.11
NPCCL - Tripura	249.17
APNPDCL - Karimnagar HVDS	184.27
APNPDCL - Jagityal HVDS	134.56
MPPKVCL - Bhopal	176.64
MPPKVCL - Gwalior	188.17
GESCOM - Bhatambara	56.03
APNPDCL -Nizamabad JBIC	56.91

Annexure - VI

DETAILS OF LOANS & ADVANCES

Particulars	As on 31/Oct/ 10	(₹ In lakhs ) As at 31 <sup>st</sup> March				
		2010	2009	2008	2007	2006
<b>Receivables from</b>						
a) Promoter Group	-	-	-	-	-	-
b) Group Companies / Associates / Directors	9.00	-	10.20	9.00	60.50	51.94
c) Others	179.72	130.40	233.39	73.48	121.37	112.85
<b>Total</b>	<b>188.72</b>	<b>130.40</b>	<b>243.59</b>	<b>82.48</b>	<b>181.87</b>	<b>164.79</b>

None of the Beneficiaries of Loans and Advances are related to any Directors/Promoters or Group Company.

*List of Top Ten Beneficiaries of Loans & Advances as on October 31, 2010*

Sl. No.	Party Name	Amount
1	Earnest Money Deposit with DISCOMS	88.72
2	D. Sirish	10.00
3	Staff advances	11.09
4	Travelling Advances	7.53
5	Staff loan	4.13
6	Vat Deposits	3.83
7	K. Sandeep	3.00
8	Mohan	2.10
9	Innocorp Limited	1.26
10	G. Krishna Reddy	1.25

Annexure - VII

DETAILS OF SECURED LOANS

(₹ In Lakhs)

Particulars	As on 31/Oct/ 10	As at 31 <sup>st</sup> March				
		2010	2009	2008	2007	2006
Term Loan	--	--	--	--	--	--
Total (a)	--	--	--	--	--	--
Working Capital Loan						
Indian Overseas Bank	--	--	--	--	107.90	122.02
ICICI Bank Ltd.	435.07	381.68	323.43	233.75	--	--
ICICI Bank Ltd. - Adhoc Limit	--	201.26	--	--	--	--
State Bank of India	664.69	706.37	--	--	--	--
Total (b)	1099.76	1,289.30	323.43	233.75	107.90	122.02
Vehicle Loan						
ICICI Bank Ltd.	--	2.17	6.05	9.92	2.34	4.67
Reliance Capital	2.31	3.01	--	--	--	--
Can Mobile	--	--	--	0.75	4.59	10.35
HDFC Bank Ltd.	--	--	--	0.72	3.12	7.59
Total (c)	2.31	5.18	6.05	11.39	10.05	22.61
Total (a) + (b) + (c)	1102.07	1294.49	329.48	245.14	117.94	144.63

Sr .	Name of the Bank	Type of Facility	Date of Sanc tion	Limit Sanc tione d	O/S as on 31/10/ 2010	Inter est Rate	Repayme nt Schedule	Last Instalm ent	Security
1	Term Loan	Nil							

2 Working Capital									
a	ICICI Bank Ltd	Fund Base d - Cash Credit	Ref No. CAL No. 01/W 36HY D/25 554	₹ 500.0 0 Lakhs	₹ 435.07 Lakhs	The interest rate stipulated by ICICI Bank shall be 3.25 % pa below the sum of IBAR and	valid upto 29 <sup>th</sup> March, 2011	N.A.	Primary Security:- 1. First charge by way of Hypothecation of the Company's entire current assets which inter alia include stocks of raw materials, work in process, finished goods, consumables stores and spares and such other movables including book-
			Dt. 13th April 2010						

									debts, outstanding monies, receivables both present and future of such form satisfactory to the bank on pari-passu basis with other participating bankers.
<b>b</b>	ICICI Bank Ltd	<b>Non Fund Base d - Letter of Credit</b>	Ref No. CAL No. 01/W 36HY D/25 554  Dt. 13th April 2010	₹ 400.0 0 Lakhs	₹ 107.92 lakhs	0.25 to 0.35 % flat	upto 29 <sup>th</sup> March, 2011	- N.A.	<p>₹176 million as per the valuation report dated 21/01/2010.</p> <p>b. Land admeasuring 338 sq yards situated at D No. 7-1-632/2/3. Bapunagar, SR Nagar, Opp. T B Hospital, Hyderabad belongs to Mr. K Shiva Kumar and Mr. Shivaiah at</p>

	Non Fund Base d - Bank Guarante e	₹ 4300. 00 lakhs	₹ 3372.7 1 lakhs	1% p.a. (Commission plus handling charges)	Upto 29 <sup>th</sup> March, 2011	market value of ₹ 5.30 million as per valuation report dated 01/07/2009 c) Residential flat No.301, 3 <sup>rd</sup> Floor, Indra Estates, YMCA, Narayanguda, Hyderabad admeasuring 2142 sq ft and 65 sq yards situated at D No.3-4-552 belonging to Mrs. D Shailaja at market value of ₹ 7.4 million as per valuation report dated 01/07/2009 d) Flat No. 401, bearing D No.3-5-874/A, R K Vipanchi Estate, Hyderguda, Hyderabad belonging to the Company at market value of ₹ 9.60 million as per valuation report dated 01/07/2009 e) exclusive charge on land admeasuring 800 sq. yards in survey no. 10211, MLA Colony, Banjara Hills, Hyderabad belonging to D V Siddhardha & D N Shravan Kumar valued at ₹44.0 million approximately.  Personal Guarantee of the following 1. K.Shiva Kumar, 2. D.Murali, 3. K.Swathi 4.
--	-----------------------------------	------------------	------------------	--	-----------------------------------	---

									D.Sailaja & 5. K Shivaiah
<b>b</b>	SBI Nampally Branch , Hyd	Fund Based - Cash Credit		₹ 700.00 Lakhs	₹ 664.69 Lakhs	13.75 % p.a.	Repayable on Demand	N.A.	<p>Prime Security:-</p> <ol style="list-style-type: none"> <li>1. Against hypothecation of all current assets on pari-passu basis with ICICI Bank.</li> </ol> <p><u>Collateral Security:-</u></p> <ol style="list-style-type: none"> <li>1. EM of open plot bearing no.1017 admeasuring 1583 sq. yards situated at approved layout of Jubilee Hills Co-operative House Building Society Ltd., Hyd. in the name of K.Shiva Kumar.</li> <li>2. EM of open plot bearing S.No.334,336,337,289,291,287,288,292,296 and 299 admeasuring 2.31 acres situated at Gundla Pochampally Village, Medchal Mandal, RR Dist. standing in the name of Mr. D.Vijay Kumar and personal guarantees of the following promoter Directors 1. K.Shiva Kumar, 2. D.Murali, 3. K.Swathi &amp; 4. D.Sailaja.</li> </ol>

3 Auto loan									
a	Reliance Capital	Auto Loan	25/05/09	₹ 4.00 Lakhs	₹ 2.31 Lakhs	@ 13.5 %	36 E.M.I including of monthly interest.	36 months	Hypothecation of vehicle (Maruthi Swift Car)

There is no prepayment/re-schedulement/defaults on the above loans. Further, any kind of penalty was not levied on the Company.

#### Annexure - VIII

#### DETAILS OF UNSECURED LOANS

(₹ In Lakhs )

Particulars	As on 31/Oct/10	As at 31 <sup>st</sup> March				
		2010	2009	2008	2007	2006
Received from						
a) Promoter Group *	98.75	73.75	75.60	110.00	172.86	83.02
b) Group Companies	--	--	--	--	--	--
c) Others						
1) SNR & Co	10.00	10.00	10.00	--	--	--
2) Kotak Mahindra Bank Ltd	45.00	13.21	5.32	--	--	--
3) Magma Fin Corp Ltd	40.78	17.56	--	--	--	--
4) Barclays Bank Ltd	--	--	9.31	--	--	--
5) Standard Chartered Bank	--	--	12.75	--	--	--
6) TATA Capital Ltd	21.26	--	6.58	--	--	--
<b>Total Others</b>	<b>117.04</b>	<b>40.77</b>	<b>43.96</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total (a) + (b) + (c)</b>	<b>215.79</b>	<b>114.52</b>	<b>119.56</b>	<b>110.00</b>	<b>172.86</b>	<b>83.02</b>

\*Unsecured loans from promoter group is repayable on demand and carries an interest rate of 18% pa.

Sr. No.	Name of the Bank / Lender	Type of Facility	Date of Sanction/Date of agreement	Limit Sanctioned	O/S as on 31st October 2010	Interest Rate	Repayment Schedule	Last Installment	Security
<b>Unsecured Loan</b>									
a	Kotak Mahindra Bank Ltd.	Unsecured - Business Loan	26.04.2010	₹ 75.00 Lakhs	₹ 45.00 lakhs	@ 15% pa	In Equated Monthly Installment including of monthly interest.	12	June 2011
b	Magma Fincorp Ltd.	Unsecured - SME Loan	21.06.2010	₹ 50.00 Lakhs	₹ 40.78 lakhs	@ 15% pa	In Equated Monthly Installment	24	07.05.2012

							including of monthly interest.		
c	Tata Capital Ltd.	Unsecured - SME Loan	24.04.2010	₹ 35.00 Lakhs	₹ 21.26 lakhs	@ 16% pa	In 12 Equated Monthly Installment including of monthly interest.	03.05. 2011	Post dated cheques

**Annexure - IX**

**STATEMENT OF OTHER INCOME**

(₹ In Lakhs )

Particulars	As on 31/Oct/10	As at 31 <sup>st</sup> March				
		2010	2009	2008	2007	2006
Other income	13.81	64.13	22.25	62.91	13.20	-
Net profit before tax	488.77	1021.60	411.61	242.69	177.97	-
% of other income in terms of Net profit before tax	2.83	6.28	5.41	25.92	7.42	-
Break up of other income						
Interest Received Recurring	7.12	59.58	9.91	18.21	4.98	-
Miscellaneous Income - Non-recurring	6.69	4.55	12.34	44.70	8.22	-
<b>Total</b>	<b>13.81</b>	<b>64.13</b>	<b>22.25</b>	<b>62.91</b>	<b>13.20</b>	<b>-</b>

**Annexure - X**

**STATEMENT OF DIVIDENDS**

(₹ In Lakhs )

Particulars	As on 31/Oct/10	As at 31 <sup>st</sup> March				
		2010	2009	2008	2007	2006
% of Dividend	--	6%	12%	--	5%	--
Amount of Dividend	--	43.20	43.20	--	18.00	--
Tax on Dividend	--	7.34	7.34	--	2.52	--
No of Equity Shares Outstanding at the end of the year	72,00,000	72,00,000	36,00,000	36,00,000	36,00,000	36,00,000

**Annexure - XI**

**FINANCIAL RATIOS**

(₹ In Lakhs )

Particulars	As on 31/Oct/10	As at 31 <sup>st</sup> March				
		2010	2009	2008	2007	2006
Net Profit After Tax (NPAT) for the year Ended	322.64	653.68	270.90	160.03	118.06	--
Weighted Average No. of Equity Shares Outstanding	72,00,000	72,00,000	36,00,000	36,00,000	36,00,000	36,00,000
Diluted Weighted Average Equity Shares Outstanding	72,00,000	72,00,000	36,00,000	36,00,000	36,00,000	36,00,000
Net Worth	1736.52	1423.89	836.25	615.64	455.37	357.59
No of Equity Shares Outstanding at the end of the year	72,00,000	72,00,000	36,00,000	36,00,000	36,00,000	36,00,000

**Accounting Ratios :**

1	Return on Total Assets (%)	11.31	19.54	15.37	8.80	22.16	--
2	Return on Equity (%)	18.58	45.91	32.39	25.99	25.93	--
3	Net Assets Value Per Equity Share (₹)	24.12	19.78	23.23	17.10	12.65	--
4	Earning Per Share (₹)						
	- Basic	4.48	9.08	7.53	4.45	3.28	--
	- Cash	4.62	9.32	7.95	4.86	3.60	--
	- Diluted	4.48	9.08	7.53	4.45	3.28	--

Ratios have been computed as follows

1	Return on Total Assets (%) (ROA)	Earnings Before Interest and Tax	
		Total Fixed Assets including Investments and Current Assets & Loans & Advances	
2	Return on Equity (%) (ROE)	Net profit after tax as restated Net Worth at the end of the year	
3	Net Asset Value Per Share (NAV) (₹)	Net Worth at the end of the year No. of Equity shares outstanding during the year	
4	Earning Per Share (EPS) - Basic (₹)	Net profit after tax as restated attributable to Equity Shareholders Weighted average no. of Equity shares outstanding during the year	
5	Earning Per Share (EPS) - Cash (₹)	Net profit after tax as restated attributable to Equity Shareholders plus Depreciation and Amortization Weighted average no. of Equity shares outstanding during the year	

Annexure - XII

CAPITALISATION STATEMENT AS AT 31st October 2010

(₹ in Lakhs )

Particulars	Pre - Issue	Post Issue *
<b>Borrowings</b>		
Short Term Debts	1274.77	[ * ]
Long Term Debts	43.09	-
<b>Total Debts</b>	<b>1317.86</b>	[ * ]
<b>Shareholder's Fund</b>		
Equity Share Capital	720.00	[ * ]
Reserves & Surplus	1027.97	[ * ]
Less : - Misc. Expenditure not written off	11.45	[ * ]
<b>Total Shareholder's Fund</b>	<b>1736.52</b>	[ * ]
<b>Total Debt Equity Ratio</b>	<b>0.76</b>	[ * ]

**Notes:**

1. The debt/equity ratio is calculated on total debt instead of long term debt to equity ratio, to present the prudent and conservative ratio as the Company does not have any material long term debts
2. Short term debts are debts repayable within a period of 12 months.
3. The corresponding post issue figures are not determinable at this stage because of pending book building process and hence have not been furnished

**ANNEXURE - XIII**

**TAX SHELTER STATEMENT**

(In ₹ Lakhs )

Particulars	As on 31/Oct/10	As at 31 <sup>st</sup> March				
		2010	2009	2008	2007	2006
Net Profit / (Loss) before Tax	488.77	1021.60	411.61	242.69	177.97	-
Tax Rate (in %)	33.99	33.99	33.99	33.99	33.66	-
Tax at Notional Rate (A)	166.13	347.24	139.91	82.49	59.90	-
Adjustments						
Permanent Differences (B)						
Preliminary Expenses Written Off		-	-	-	-	-
Capital Expenditure incurred on increase in Authorised Capital		-	-	-	-	-
<b>Total Permanent Differences</b>		-	-	-	-	-
Loss on Sale of Fixed Assets		-	-	-	-	-
Timing Difference (C)						
Difference between Tax Depreciation & Book depreciation	0.56	0.63	0.04	3.54	-	-
Deferred Revenue Expenses (claimed) / disallowed		-	2.32	-	-	-
Unpaid Gratuity / Leave Encashment		-	-	-	-	-
Sales Tax Unpaid		-	-	-	-	-
Business Losses / Unabsorbed Allowances Carried Forward/(Adjusted)		-	-	-	-	-
<b>Total for Timing Difference</b>	0.56	2.95	0.04	3.54	-	-
<b>Total Adjustments B</b>	0.56	2.95	0.04	3.54	-	-
Tax Expense / (Saving) thereon (D)	-	-	-	-	-	-
Tax liability after considering the effect of adjustments (A) - (D)		347.43	140.98	82.50	61.09	-
Tax liability under MAT on book profits		-	-	-	-	-
Interest liability under Section 234 (b) & (c) under the Income Tax Act, 1961		20.68	0.42	0.81	0.39	-
<b>Total tax Liability</b>	368.11	141.40	83.31	61.48	-	-
Taxation on Extraordinary Items			-	-	-	-
Tax on profits before Extraordinary Items		368.11	141.40	83.31	61.48	-

**Notes:**

1. The Tax Shelter Statement has been prepared considering acknowledged copies of the Income Tax Returns filed as per section 139 (1) of the Income Tax Act, 1961.

#### **Annexure - XIV - STATEMENT OF INVESTMENTS**

The Company does not hold any investments.

#### **Annexure - XV - TRANSACTIONS WITH THE RELATED PARTIES**

##### **List of related parties**

###### **I. Key Managerial personnel**

K Shiva Kumar, CMD

D Murali, Executive Director

K Swathi, Whole-time Director (ceased to be whole-time director w.e.f.01.09.2010)

D Sailaja, Whole-time Director (ceased to be whole-time director w.e.f.18.01.2007)

###### **II. Relatives of Key Managerial Personnel**

K. Vishwanath

###### **III. Enterprises owned or significantly influenced by Key Management Personnel or their Relatives**

M/s Vishwanath Transformers Limited

M/s Sakila Estates Limited

M/s JVS Securities Private Limited

M/s Vishwanath Stocks Private Limited

M/s Bramarambha Paraboiled Rice Mills Pvt. Limited

**Details of transactions with related parties:**

(₹ In lakhs)

Particulars	Nature of Relationship	Name of the Related Party	For the Period ended 31/10/10	For the Year ended				
				31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009	31 <sup>st</sup> March, 2008	31 <sup>st</sup> March, 2007	31 <sup>st</sup> March, 2006
Managerial Remuneration	Key Managerial Personnel	K. Shiva Kumar	8.00	12.00	12.00	6.00	--	--
		D. Murali	5.50	6.00	6.00	5.25	3.00	--
		K. Swathi	5.00	12.00	12.00	4.53	6.12	--
		D. Sailaja	--	--	--	--	2.40	--
Final Dividend	Key Managerial Personnel	K. Shiva Kumar	--	18.43	18.43	--	8.60	--
		D. Murali	--	7.56	7.56	--	3.15	--
		K. Swathi	--	13.20	13.20	--	5.41	--
		D. Sailaja	--	1.44	1.44	--	0.60	--
	Relatives of Key Managerial personnel	K. Vishwanath	--	0.22	--	--	--	--
<u>Other Transactions</u>								
Unsecured Loans received by the Company	Key Managerial Personnel	K. Shiva Kumar	95.75	70.75	69.25	59.15	50.92	65.45
		D. Murali	3.00	3.00	6.35	9.35	42.36	17.57
Interest Paid on Unsecured Loans	Key Managerial Personnel	K. Shiva Kumar	5.57	14.70	11.70	13.08	15.85	--
		D. Murali	0.45	0.54	1.17	0.90	1.14	--
Transactions made by Enterprises which are influenced by Key Managerial Personnel/ Relatives	Enterprises owned or significantly influenced by Key Managerial Personnel or their Relatives	M/s Vishwanath Transformer Limited (Sales)	471.00	1495.04	--	--	--	--
		M/s Vishwanath Transformer Limited (Purchases)	1264.73	1882.34	1321.05	715.10	--	--
		M/s Vishwanath Transformer Limited (Net amount Outstanding)	639.87	215.75	171.50	(188.46)	(37.66)	(51.94)
		M/s Bramaramba Paraboiled Rice mill (Unsecured Loan taken)	--	--	--	40.00	20.00	--
		M/s Bramaramba Paraboiled Rice mill (Interest on Unsecured Loan)	--	--	2.35	6.72	--	--
		M/s Sakila Estates Limited (Advances given)	--	--	10.20	9.00	60.50	--

**Annexure - XVI**

**Changes in Significant Accounting Policies**

There are no changes in significant accounting policies since inception of the Company.

## **B. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*You should read the following discussion in conjunction with the audited restated financial statements as of and for the fiscal years ended March 31, 2006, 2007, 2008, 2009 and 2010 and audited financial statements for the period ended October 31, 2010, which are in line with the audited financial statements, and in each case, the notes thereto and included elsewhere in this Draft Red Herring Prospectus. Some of the statements in the following discussion are forward looking statements. See "Forward Looking Statements" on page 10. The actual results could differ materially from those anticipated in these forward- looking statements as a result of certain factors and contingencies that could impact the Company's financial condition, results of operations and cash flows, including those set forth under "Risk Factors" beginning on page 12 and those set forth below.*

### **Company Overview**

VPL provides customized turnkey services to the major power utilities in creation of Infrastructure and Augmentation of the existing system. VPL has relevant experience in the power utilities and has created its identity as a diversified player by providing services to various power transmission and distribution companies across the states in India for setting up different categories of Transmission lines, sub-stations, Feeder separation and conversions of low voltage distribution system into high voltage distribution systems.

The Company Quality Management System has been certified to be in compliance with ISO 9001:2008 by TUV SUD South Asia Private Limited.

As a turnkey service provider, the Company offers various services including survey, design, structural orientation, supply of materials, installation, erection, testing and commissioning as per the clients' specifications.

Currently, the Company is executing works in five major states of the country, i.e. Andhra Pradesh; Maharashtra; Madhya Pradesh; Karnataka and Tripura.

*Significant developments after March 31, 2010 that may affect the future results of operations of the Company*

In the Opinion of the Board of Directors of the Company, there has not arisen, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstance that materially or adversely affect or are likely to affect the profitability of the Company or the value of its assets or its ability to pay material liabilities within the next twelve months.

### **Factors that may affect Results of Operations**

- Competitive bidding processes may compel the Company to lower its service charges in response to the competition from major players in the industry
- Delays in the completion of current and future projects
- Cancellation, contract termination
- Increase in interest rates for loans availed by the Company
- Increased competition
- Inability to manage growth
- Ability to control cost or retain key employees
- Ability to respond to technological changes
- Changes in laws and regulations relating to the industry in which the Company operates
- Any adverse outcome in legal proceedings in which the Company is involved
- Potential mergers, acquisitions or restructurings among clients

- Potential mergers, acquisitions or restructurings of the Company
- General economic and business conditions in India

### Industry Overview

In recent decades, the Government of India has focused on infrastructure development with top priority given to the power sector. Significant reforms have emphasised on developing the competitive environment, restructuring the industry for higher levels of accountability and investments and aligning the electricity market for more efficient outcomes.

According to the CEA, the average per capita electricity consumption in India is about 704 kWh as compared to global average per capita consumption of 2,752 kWh. By 2012, India requires an installed capacity of over 220,000 MW, which translates into opportunities for the associated power transmission and distribution segments. In addition, several decades of deterioration in power distribution infrastructure prior to reforms have created a need for investments in the segment to revamp the system in almost all states

### **Competitive Environment and Key Players**

The power transmission segment is mainly in the hands of state transmission utilities for intra-state power transmission while inter-state and inter-regional transmission is controlled by Power Grid Corporation of India Limited (PGCIL), which is the biggest driver of new transmission projects in the country and the associated engineering, procurement and construction (EPC) contracting and sub-contracting industries.

In addition to PGCIL, there are some private players such as Tata Power, Torrent Power and Reliance Power, which have recently entered the transmission segment, either as independent operators of small line sections connecting their power plants to the grid or as joint venture partners for development of new lines.

The power distribution segment is mainly controlled by state utilities, although there are private operators who control distribution in Delhi and Orissa and some of the major cities of the country. Tata Power, Reliance Energy, CESC, NOIDA Power, Dishergarh Power and Torrent Power are some of the major private sector operators.

An analysis of capital expenditure incurred by distribution utilities indicates that in 2008-09, capital expenditure of power distribution utilities and SEBs in the Northern region accounted for 45% of the total capital expenditure of all distribution utilities. During the period, 2006-09, the average annual growth in capital expenditure was about 17%. Some of the states with high capital expenditure in 2008-09 included Chhattisgarh, Maharashtra, Tamil Nadu and Rajasthan.

### **Outlook**

Electricity demand is a function of consumer demand. However, energy requirement may vary with factors such as seasonal changes, improvement in technology of power generation and consumption, regional distribution of consumer segments, prices, structural changes in the economy and per capita income.

The CEA estimates an energy requirement of 7.52% in the Twelfth Five-Year Plan period and 6.58% in the Thirteenth Five-Year Plan period. Peak load demand is expected to be 7.39% and 6.45%, respectively.

### **Projected Growth Rates (CAGR %)**

	2012-17	2017-22
Electrical energy requirement	7.52	6.58
Peak load	7.39	6.45
Energy consumption	8.45	7.04

(Source: IMaCS Research)

For a rupee invested in setting up new power generation capacity, at least an equal investment is required in transmission and distribution. It is estimated that to transmit the increased generation capacity of 78,000 MW, as envisaged in the Eleventh Five-Year Plan period, the matching distribution network requirement is about 1,500,000 ckm of 33 kV, 11 kV and LV lines and 292,000 MVA of distribution transformer capacity. Going by a capacity addition plan of another 100,000-120,000 MW in the Twelfth Plan period, the matching requirement is likely to increase by about 30%. In addition, sub-transmission and distribution network augmentation, re-conductoring and sub-station up gradation works are expected to continue through 2012-17.

#### Discussion on results of operations of the Company

A summary of past financial results based on Restated Accounts of the Company is given below

##### *Profit and Loss account*

Particulars	7 months ended 31/10/10		FY 31.03.2010		FY 31.03.2009		FY 31.03.2008		FY 31.03.2007	
	₹ in Lakhs	% of total income	₹ in Lakhs	% of total income	₹ in Lakhs	% of total income	₹ in Lakhs	% of total income	₹ in Lakhs	% of total income
Total Income	4589.07	100.00	10234.28	100.00	6054.12	100.00	3413.60	100.00	2723.13	100.00
Raw material cost	2305.89	50.25	6376.40	62.30	3595.39	59.39	969.05	28.39	1613.64	59.26
Operating & Admin expenses	1624.26	35.39	2569.56	25.11	1828.10	30.20	2066.77	60.55	865.07	31.77
EBDIT	658.92	14.36	1288.32	12.59	630.63	10.42	377.78	11.07	244.42	8.98
Financial Charges	160.01	3.49	249.49	2.44	203.74	3.37	120.07	3.52	54.74	2.01
Depreciation	10.14	0.22	17.23	0.17	15.28	0.25	15.02	0.44	11.71	0.43
PBT	488.77	10.65	1021.60	9.98	411.61	6.80	242.69	7.11	177.97	6.54
Provision for tax	166.13	3.62	368.11	3.60	140.92	2.33	82.63	2.42	61.10	2.24
Deferred tax liability (assets)	0.00	0.00	(0.19)	(0.00)	(0.21)	(0.00)	0.03	0.00	(1.19)	(0.04)
PAT	322.64	7.03	653.68	6.39	270.90	4.47	160.03	4.69	118.06	4.34

#### **Review of results of operations**

##### **7 months ended October 31, 2010**

###### *Total Income:*

The total income for the 7 months ended October 31, 2010 was at ₹ 4589.07 lakhs, Total income primarily consisted of revenue from the operating activities and other income.

###### *Expenses:*

###### *Raw Material cost*

Raw Material expenses for the 7 months ended October 2010 amounted to ₹ 2305.89 lakhs.

#### *Operating and Admin expenses*

Operating and Admin expenses consists of Direct Labour expenses, Civil expenses, Sub Contracting Expenses, Payment & Provisions for employees and Admin and other expenses. Operating Expenses for the 7 months ended October 2010 amounted to ₹ 1624.26 lakhs

#### *Finance Charges*

Financial Charges for the 7 months ended October 2010 amounted to ₹ 160.01 lakhs, constituting 3.49% of the total income. The finance charges consists of interest charges by banks and other lending institutions

#### *Depreciation*

Depreciation for the 7 months ended October 2010 amounted to ₹ 10.14 lakhs constituting 0.22% of the total income

#### *Profit before Tax (PBT)*

Profit before Tax (PBT) for the 7 months ended October 2010 amounted to ₹ 488.77 lakhs, constituting 10.65% of the total income

#### *Taxes*

The tax provisions for the 7 months ended October 2010 come to ₹ 166.13 lakhs

#### *Profit after Tax (PAT)*

Profit after Tax (PAT) for the 7 months ended October 2010 amounted to ₹ 322.64 lakhs, constituting 7.03% of the total income

### **Comparison of the years ended March 31, 2010 and 2009**

#### *Total Income:*

The total income for the FY 2009-10 was at ₹ 10234.28 lakhs, compared to ₹ 6054.12 lakhs for the FY 2008-09 the increase in total income by 69.07% was mainly due to the 4 new projects added during FY 2009-10. Collectively, these new projects have increased the sales by ₹ 4551.81 lakhs in FY 2009-10 and were present in Indore, Gwalior, Nalgonda and Chandrapur

#### *Expenses:*

##### *Raw Material cost*

Raw Material expenses for the FY 2009-10 amounted to ₹ 6376.40 lakhs, constituting 62.3% of the total income, as compared to ₹ 3595.39 lakhs, constituting 59.39% of the total income for the FY 2008-09. The increase was due to execution of projects on turnkey basis which are majorly based on erection and commissioning of materials and equipments.

#### *Operating and Admin expenses*

Operating and Admin expenses consists of Direct Labour expenses, Civil expenses, Sub Contracting Expenses, Payment & Provisions for employees and Admin and other expenses. Operating Expenses for the FY 2009-10 amounted to ₹ 2569.56 lakhs, constituting 25.11% of the total income, as compared to ₹ 1828.10 lakhs, constituting 30.20% of the total income, for the FY 2008-09.

Operating expenses and Admin & other expenses have decreased compared to the previous year in terms of amount. The decrease was due to execution of projects on turnkey basis which are majorly based on erection and commissioning of materials and with less labour cost.

#### *Finance Charges*

Financial Charges for the FY 2009-10 amounted to ₹ 249.49 lakhs, constituting 2.44% of the total income, as compared to ₹ 203.74 lakhs, constituting 3.37% for the FY 2008-09. The decrease in amount was mainly attributable to decrease in bank charges and decrease in interest and utilisation of interest free mobilization advances during FY 2009-10.

#### *Depreciation*

Depreciation for the FY 2009-10 amounted to ₹ 17.23 lakhs constituting 0.17% of the total income as compared to ₹ 15.28 lakhs for the FY 2008-09 constituting 0.25% of the then total income. The higher depreciation during the FY 2009-10 was due to additions to capital assets.

#### *Profit before Tax (PBT)*

Profit before Tax (PBT) for the FY 2009-10 amounted to ₹ 1021.60 lakhs, constituting 9.98% of the total income as compared to ₹ 411.61 lakhs for the FY 2008-09 constituting 6.80%. The increase in PBT is attributable to the factors like (i) Increase in revenue (ii) Execution of projects with higher margin (iii) Timely completion of Projects.

#### *Taxes*

The tax provisions for the FY 2009-10 come to ₹ 368.11 lakhs compared to ₹ 140.92 lakhs for the FY 2008-09. The higher tax compared to FY 2008-09 attributable to higher profits earned during the FY 2009-10.

#### *Deferred tax*

The deferred tax assets for the FY 2009-10 come to ₹ 0.19 lakhs compared to ₹ 0.21 lakhs for the FY 2008-09. The increase in deferred tax compared to FY 2008-09 attributable to higher of differential depreciation during the FY 2009-10.

#### *Profit after Tax (PAT)*

Profit after Tax (PAT) for the FY 2009-10 amounted to ₹ 653.68 lakhs, constituting 6.39% of the total income as compared to ₹ 270.90 lakhs for the FY 2008-09, constituting 4.47%. The increase in PAT is attributable to the factors like (i) Increase in revenue (ii) Execution of projects with higher margin (iii) Timely completion of Projects.

### *Comparison of the Years ended March 31, 2009 and 2008*

#### *Total Income:*

The total income for the FY 2008-09 was at ₹ 6054.12 lakhs, compared to ₹ 3413.60 lakhs for the FY 2007-08 the increase in income by 77.35% was mainly due to the 9 new projects added during FY 2008-09. Collectively, these new projects have increased the sales by ₹ 2181.41 lakhs in FY 2008-09 and were present in Nanded, Bhatambra, Kherda, Vizianagaram, Srikakulam, Karimnagar, Bhopal, Gwalior and Reliance BTS towers in A.P

#### *Expenses:*

##### *Raw Material cost*

Raw Material expenses for the FY 2008-09 amounted to ₹ 3595.39 lakhs, constituting 59.39% of the total income, as compared to ₹ 969.05 lakhs, constituting 28.39% of the total income for the FY 2007-08. The increase was due to execution of projects on turnkey basis which are majorly based on erection and commissioning of materials and equipments.

##### *Operating and Admin expenses*

Operating and Admin expenses consists of Direct Labour expenses, Civil expenses, Sub Contracting Expenses, Payment & Provisions for employees and Admin and other expenses. Operating Expenses for the FY 2008-09 amounted to ₹ 1828.10 lakhs, constituting 30.20% of the total income, as compared to ₹ 2066.77 lakhs, constituting 60.55% of the total income, for the FY 2007-08.

Operating expenses and Admin & other expenses have decreased compared to the previous year in terms of amount. The decrease was due to execution of all projects on turnkey basis compared to semi-turnkey basis, which are based on erection and commissioning of equipment, materials and with less labour cost involvement.

#### *Finance Charges*

Financial Charges for the FY 2008-09 amounted to ₹ 203.74 lakhs, constituting 3.37% of the total income, as compared to ₹ 120.07 lakhs, constituting 3.52% for the FY 2007-08. The increase in amount was due to increase in bank interest, increase in interest on unsecured loans and bank charges during FY 2008-09.

#### *Depreciation*

Depreciation for the FY 2008-09 amounted to ₹ 15.28 lakhs constituting 0.25% of the total income as compared to ₹ 15.02 lakhs for the FY 2007-08 constituting 0.44% of the then total income. The higher depreciation during the FY 2008-09 was due to additions to capital assets.

#### *Profit before Tax (PBT)*

Profit before Tax (PBT) for the FY 2008-09 amounted to ₹ 411.61 lakhs, constituting 6.80% of the total income as compared to ₹ 242.69 lakhs for the FY 2007-08 constituting 7.11%. The decrease in PBT margin was mainly due to Increase in cost of raw material and increase in operational expenditure during FY 2008-09

#### *Taxes*

The tax provisions for the FY2008-09 come to ₹ 140.92 lakhs constituting 2.33% of total income as compared to ₹ 82.63 lakhs constituting 2.42% of total income for the FY 2007-08. The lower tax in term of percentage of sales is due to lower profits during the FY 2008-09.

#### *Deferred tax*

The deferred tax assets for the FY 2008-09 come to ₹ 0.21 lakhs compared to ₹ 0.03 lakhs for the FY 2007-08. The increase in deferred tax compared to FY 2007-08 attributable to higher of differential depreciation and inadmissible expenditure as per Income tax act, 1961 are incurred during the FY 2008-09.

#### *Profit after Tax (PAT)*

Profit after Tax (PAT) for the FY 2008-09 amounted to ₹ 270.90 lakhs, constituting 4.47% of the total income as compared to ₹ 160.03 lakhs for the FY 2007-08, constituting 4.69%. The decrease in PAT margin is due to increase in cost of raw material and increase in operational expenditure during FY 2008-09

#### *Comparison of the Years ended March 31, 2008 and 2007*

##### *Total Income:*

The total income for the FY 2007-08 was at ₹ 3413.60 lakhs, compared to ₹ 2723.13 lakhs for the FY 2006-07 the increase in income by 25.36% was mainly due to the 6 new projects added during FY 2007-08. Collectively, these new projects have increased the sales by ₹ 2636.55 lakhs in FY 2007-08 and were present in Gurudwara (Maharashtra), Adilabad, Chittoor, Guntur, Karimnagar and Medak (Andhra Pradesh).

##### *Expenses:*

###### *Raw Material cost*

Raw Material expenses for the FY 2007-08 amounted to ₹ 969.05 lakhs, constituting 28.39% of the total income, as compared to ₹ 1613.64 lakhs, constituting 59.26% of the total income for the FY 2006-07. The decrease in percentage of raw material cost was due to execution of projects on semi-turnkey basis which are mainly based on labour oriented, erection and commissioning during the FY 2007-08.

###### *Operating and Admin expenses*

Operating and Admin expenses consists of Direct Labour expenses, Civil expenses, Sub Contracting Expenses, Payment & Provisions for employees and Admin and other expenses. Operating Expenses for the FY 2007-08 amounted to ₹ 2066.77 lakhs, constituting 60.55% of the

total income, as compared to ₹ 865.07 lakhs, constituting 31.77% of the total income, for the FY 2006-07.

Operating expenses and Admin & other expenses have increased compared to the previous year in terms of amount. The increase was due to execution of projects on semi-turnkey basis which are mainly based on labour oriented erection and commissioning of equipment and materials on subcontract basis.

#### *Finance Charges*

Financial Charges for the FY 2007-08 amounted to ₹ 120.07 lakhs, constituting 3.52% of the total income, as compared to ₹ 54.74 lakhs, constituting 2.01% for the FY 2006-07. The increase in amount was mainly attributable to increase in bank charges, BG charges and increase in interest on secured and unsecured loans during FY 2007-08.

#### *Depreciation*

Depreciation for the FY 2007-08 amounted to ₹ 15.02 lakhs constituting 0.44% of the total income as compared to ₹ 11.71 lakhs for the FY 2006-07, constituting 0.43% of the then total income. The higher depreciation during the FY 2007-08 was due to additions to capital assets.

#### *Profit before Tax (PBT)*

Profit before Tax (PBT) for the FY 2007-08 amounted to ₹ 242.69 lakhs, constituting 7.11% of the total income as compared to ₹ 177.97 lakhs for the FY 2006-07 constituting 6.54%. The increase in PBT margin was mainly due to increase in operational efficiency during FY 2007-08

#### *Taxes*

The tax provisions for the FY 2007-08 come to ₹ 82.63 lakhs constitution 2.42% as compared to ₹ 61.10 lakhs constituting 2.24% for the FY 2006-07. The higher tax compared to FY 2006-07 attributable to higher profits earned during the FY 2007-08.

#### *Deferred tax*

The deferred tax liabilities for the FY 2007-08 come to ₹ 0.03 lakhs compared to deferred tax assets of ₹ 1.19 lakhs for the FY 2006-07. The increase in deferred tax compared to FY 2006-07 attributable to differential depreciation during the FY 2007-08.

#### *Profit after Tax (PAT)*

Profit after Tax (PAT) for the FY 2007-08 amounted to ₹ 160.03 lakhs, constituting 4.69% of the total income as compared to ₹ 118.06 lakhs for the FY 2006-07, constituting 4.34%. The increase in PAT is attributable to the factors like (i) Increase in revenue (ii) Execution of projects with higher margin (iii) Timely completion of Projects.

#### **Information required pursuant to Clause IX.E.5 of schedule VIII (Part-A) of the SEBI (ICDR) Regulations**

##### *Unusual or infrequent events or transactions*

To the best of our knowledge and other than as described in this Draft Red Herring Prospectus, there have been no significant events which may be called “unusual” or “infrequent” in the context of, and that we expect to materially affect, the business of the Company.

##### *Significant economic/regulatory changes*

There has been no significant economic changes that materially affect or likely to affect income from continuing operations

##### *Known trends or uncertainties*

There are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenue or income from continuing operations.

##### *Future relationship between costs and income*

There are no known factors, which will affect the future relationship between the costs, and revenues, which will have a material impact on the operations and finances of the Company.

*Total turnover of each major industry segment in which the Company operates*

Please refer to chapter titled “Industry overview” beginning on page 73 of the DRHP. However, there are no published data available with the company for total turnover of the industry in which it operates

*New services or business segments*

The Company expects to develop its business to offer specific new services within its current general areas of operations and exploring business opportunities abroad in related services and does not intend to enter into any entirely new lines of business in the immediate future.

**Seasonality of business**

The business of the Company is not seasonal.

*Dependence on customers*

There is no significant dependence on a single or few suppliers/customers

*Competitive Conditions*

For a discussion of the competitive conditions that the Company faces, please see the section entitled “Competition” on page 97 of this Draft Red Herring Prospectus.

## C. FINANCIAL INDEBTEDNESS

### I. Secured loans

The details of the secured loans are as follows:

Sr .	Name of the Bank	Type of Facility	Date of Sanc tion	Limit Sanctio ned	O/S as on 31/03/2011	Interest Rate	Repa yme nt Sche dule	Last Install ment	Security
1	Term Loan	Nil							

2 Working Capital									
a	ICICI Bank Ltd	Fund Based - Cash Credit	Ref No. CAL No. 01/W 36HY D/25 554	₹ 500.00 lakhs	₹ 493 lakhs	3.25% pa below the sum of IBAR and the Cash Credit risk premium prevailing on each day, plus applicable interest tax or other statutory levy, if any	valid upto 29th March, 2011	N.A.	Please see note.1
		Non Fund Based - Letter of Credit	Ref No. CAL No. 01/W 36HY D/25 554	₹ 400.00 lakhs	₹ 304 lakhs	0.25 to 0.35% flat	upto 29th March, 2011	N.A.	
		Non Fund Based - Bank Guar a ntee	Dt. 13th April 2010	₹ 4300.0 0 lakhs	₹ 3743.00 lakhs	1% p.a. (Commission plus handling charges)	Upto 29th March, 2011		
b	SBI Nampal ly Branch , Hyd	Fund Based - Cash Credit	Febr uary 15, 2011	₹1200. 00 lakhs	₹ 1192 lakhs	14.25% p.a.	Repa yable on Dem and	N.A.	Please see note 2

—		Stand by line of credit	Do	₹ 300.00 lakhs	-	1% above applicable rate of interest for CC limits	Repayable on Demand	N.A.	
—		Non-fund based limits Bank guarantees	Do	₹2500 lakhs	₹ 1408.78 lakhs	Upto ₹ 500 lakhs 2.75% pa plus Rs.400/- Portion above Rs.500 lakhs 2.25% p.a. plus Rs.400/- and upto Rs.1000 lakhs Portion above Rs.1000 lakhs 1.75% p.a. plus Rs.250/- in each case as handling charges with a minimum commission of Rs.400/-	Repayable on Demand	N.A.	
—		Letter of Credit	Do	₹ 900 lakhs	₹ 928.22 lakhs	0.30 to 0.60% flat	Repayable on Demand	N.A.	
c	SBI Nampally Branch ,Hyderabad	SME CAR LOAN	Dec, 2010	₹ 40.00 lakhs	₹ 37.37 lakhs	1st Year 9%, 2nd Year 9.25%, 3rd Year 9.50% fixed and 4&5th Year 3.75% above base rate	Repayable on Demand	Equate d Monthly Instalm ents of ₹87670 /- commencing from 01/01/ 2011	Please see note 2

**Notes:**

**1. ICICI Bank Limited**

a. First charge by way of Hypothecation of the Company's entire current assets which inter alia include stocks of raw materials, work in process, finished goods, consumables stores and spares and such other movables including book-debts, outstanding monies, receivables both present and future of such form satisfactory to the bank on pari-passu basis with other participating bankers.

b. First charge on the Movable Fixed Assets of the Company

c. Extension of exclusive charge on the following properties:

- i) exclusive charge on land admeasuring 8.2 acres situated at S No. 290, 265P, 262P etc., in Gundla Pochampally Village, Medchal Mandal, Rangareddy Dist., belonging to Mr. K Shiva Kumar & Mrs. K Swathi at market value of ₹176 million as per the valuation report dated 21/01/2010.
- ii) Land admeasuring 338 sq yards situated at D No. 7-1-632/2/3. Bapunagar, SR Nagar, Opp. T B Hospital, Hyderabad belongs to Mr. K Shiva Kumar and Mr. Shivaiah at market value of ₹ 5.30 million as per valuation report dated 01/07/2009
- iii) Residential flat No.301, 3<sup>rd</sup> Floor, Indra Estates, YMCA, Narayanguda, Hyderabad admeasuring 2142 sq ft and 65 sq yards situated at D No.3-4-552 belonging to Mrs. D Shailaja at market value of ₹ 7.4 million as per valuation report dated 01/07/2009
- iv) Flat No. 401, bearing D No.3-5-874/A, R K Vipanchi Estate, Hyderguda, Hyderabad belonging to the Company at market value of ₹ 9.60 million as per valuation report dated 01/07/2009
- v) Exclusive charge on land admeasuring 800 sq. yards in survey no. 10211, MLA Colony, Banjara Hills, Hyderabad belonging to D V Siddhardha & D N Shravan Kumar valued at ₹44.0 million approximately.

d. Personal Guarantee of the following 1. K.Shiva Kumar, 2. D.Murali, 3. K.Swathi 4. D.Sailaja & 5. K Shivaiah

**2. State Bank of India**

***Prime Security***

1. Against hypothecation of all current assets on parri-passu basis with ICICI Bank.

***Collateral Security***

1. EM of open plot bearing no.1017 admeasuring 1583 sq. yards situated at approved layout of Jubilee Hills Co-operative House Building Society Ltd., Hyd. in the name of Mr.K.Shiva Kumar.

2. EM of open plot bearing no.384,261,230,260,269,408,342,235,267,252,253,67,73,242,237,238,239,240,334,335,336,337,338,339,340 and 341 situated at LP No.133/98, in sy. no. 289, 221/S, 219, 220, 221/E in Sakila Estates (Total extent of plots 5677.50 Square Yards), Majeedpur Village, Hayathnagar mandal belonging to Mr. K Shiva Kumar.

3. Pledge of 1,32,000 Shares of Manjeera Constructions Limited in the name of Mr. K Shiva Kumar (listed on BSE).

***Guarantee***

personal guarantees of the following persons

1. K.Shiva Kumar, 2. D.Murali, 3. K.Swathi, 4. D.Sailaja and 5. D Vijay Kumar.

#### **Corporate Actions**

Certain corporate actions, for which the Company requires the prior written approval of the lenders, *inter alia* include:

1. Change in capital structure.
2. Implement any scheme of expansion/ modernisation/ diversification renovation or acquire any fixed assets during any accounting year.
3. Formulate any scheme of amalgamation or re-construction.
4. Undertake guarantee obligations on behalf of any other company, firm or person.
5. Declare dividends for any year except out of profits relating to that year after making all due necessary provisions and provided further that no default had occurred in any repayment obligations.
6. Invest by way of share capital in or lend or advance funds to or place deposits with any other concern.
7. Enter into borrowing arrangement either secured or unsecured with any other bank, financial institution, company or otherwise or accept deposits
8. Create further charge, lien or encumbrance over the assets and properties of the Company charged to the bank in favour of any other bank, financial institutions, company, firm or persons.
9. Sale, assign, mortgage or otherwise dispose off any of the fixed assets charged to the bank.

#### **II. Vehicle loan from Reliance Capital**

The Company a sanction letter dated May, 25 2009 from Reliance Capital for availing Auto Loan. The following are the details of the loans sanctioned.

Name of the lender	Type of facility	Date of sanction	Loan sanctioned	O/S as on 31/03/ 2011	Interest rate	Repayment schedule	Tenure	Security
Reliance Capital	Auto Loan	23/05/09	₹ 4.00 Lakhs	₹ 1.73 Lakhs	@ 13.5%	36 E.M.I including of monthly interest.	36 months	Hypothecation of vehicle (Maruthi Swift Car)

#### **III. Unsecured loans**

The Company has availed the following unsecured loans from Banks/financial institutions:-

Name of the Bank	Nature of Facility	Amount Sanctioned (₹ In lakhs)
Kotak Mahindra Bank Limited	Unsecured - Business Loan	75.00
Tata Capital Limited	Unsecured - SME Loan	35.00
Magma FinCorp Limited	Unsecured - SME Loan	50.00
Religare Finvest Limited	Unsecured - SME Loan	100.00
<b>Total</b>		<b>260.00</b>

The relevant terms of the sanction letters are stated hereunder:-

Sr	Name of the Bank / Lender	Type of Facility	Date of Sanction/ Date of agreement	Limit Sanctioned	O/S as on 31st March 2011	Interest Rate	Repayment Schedule	Last Installment	Security	
<b>Unsecured Loan</b>										
a	Kotak Mahindra Bank Ltd.	Unsecured Business Loan	26.04.2010	₹ 75.00 Lakhs	₹ 45.00 lakhs	@ 15% pa	In Equated Monthly Installment including of monthly interest.	12	June 2011	Post dated cheques
b	Magma Fincorp Ltd.	Unsecured - SME Loan	21.06.2010	₹ 50.00 Lakhs	₹ 40.78 lakhs	@ 15% pa	In Equated Monthly Installment including of monthly interest.	24	May 2012	Post dated cheques
c	Tata Capital Ltd.	Unsecured - SME Loan	24.04.2010	₹ 35.00 Lakhs	₹ 21.26 lakhs	@ 16% pa	In Equated Monthly Installment including of monthly interest.	12	May 2011	Post dated cheques
d	Religare Finvest Limited	Unsecured - SME Loan	01.01.2011	₹ 100.00 lakhs	₹ 76.47 lakhs	13.5% p.a	12 months EMI	Decemb	er 2011	Post dated cheques

In addition to the above, the Company has taken ₹ 95.75 lakhs as unsecured loans from Promoters at the rate of 18% p.a., which was paid in November 2010.

## **SECTION VI - LEGAL AND OTHER INFORMATION**

### **A. OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS**

There are no outstanding litigations, suits, criminal or civil prosecutions, potential disputes, labour disputes, bargains and demands, investigations, Central / State Government claims or inquires proceedings or tax liabilities, overdue to banks/financial institutions, defaults against banks/financial institutions, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part I of Schedule XIII of the Companies Act) other than unclaimed liabilities of the Company or its subsidiaries or its Group Companies or its promoters or its directors and no defaults of non-payment of statutory dues against the Company including under the excise, customs, sales tax, income tax and service tax and no disciplinary action has been taken by SEBI or any stock exchanges against the Company save and except the following:-

#### **Contingent liabilities**

The Company has not provided for the following contingent liabilities for the period ended 31<sup>st</sup> October 2010:

Letter of Credit ₹128.47 lakhs  
Bank guarantees ₹4477.80 lakhs

#### **Litigations by the Company: Nil**

#### **Litigations against the Company**

The Company is not involved in:

1. Litigation involving Criminal Offences
2. Litigation/Disputes involving Securities related offences, including penalties imposed by SEBI or any other securities market regulator in India or abroad
3. Litigation involving Statutory and other offences, including penalties imposed by any regulatory authority in India or abroad (Present or past)
4. Litigation involving Civil and Economic Offences
5. Litigation in the nature of winding up petitions/ liquidation/ bankruptcy / closure filed by / against the company
6. Litigation against the Company or against any other company whose outcome could have a material adverse effect of the position of the Company.

#### **Non payment of statutory dues or dues to Banks / Institutions: Nil**

#### **Overdue interest/ principal as on current date: Nil**

#### **Prosecution under Schedule XIII to the Companies Act, 1956: Nil**

There have been no defaults and there are no overdues in respect of bonds, debentures and fixed deposits (placed through public or private placement) and arrears in respect of cumulative preference shares or any other liabilities as on current date.

Further, there are no litigations/disputes/penalties or any proceedings known to be contemplated by government authorities.

The Company owes to the following entities sum exceeding ₹ 1 lakhs outstanding for more than 30 days to Small and Medium Enterprises or any other creditors as on October 31, 2010.

Durga Power Tech, Sri Durga Steel Corporation, Sri Laxmi Durga Traders, Sriram Industries, SSR Engg. Works, Vaishnavi Devi Castings, Bangaru Pullaiah, Ch. Narasal, G. Ankaiah, K. Peda Nagayya, K. Srinivasulu, Manchukonda Prakasham Industries India Pvt. Ltd, Sri Laxmi Durga Traders, Vidyut Industrial Corporation, Satya Sai Constructions, Subbarayudu, Praveen - Armor, Karvy - IPO, Envirotech, Bil Power Limited, Kirti Stampings, Savita Oil Technologies Ltd, SPI Containers Pvt. Ltd, Vilas Transcore Pvt. Ltd, Apex Asbestos Products, Durga Power Tech, GARG Distributors Pvt. Ltd., KJV Alloy Conductors Pvt. Ltd., Lamco Industries Pvt. Ltd., M.M. Steels, Siemens Ltd.- Nanded, SPM Wires & Cables Pvt. Ltd, Sri Laxmi Durga Traders, SSR Engg. Works, Vaishnavi Devi Castings, Vishwanath Transformers Ltd, Shivam Enterprises.

The Company has not received any notice in respect of any litigation involving any other Company whose outcome could have adverse effect on the position of the Company.

**A. Cases filed against or by the Promoters:**

There are no pending litigations in which the Promoters are involved. No defaults have been made to the financial institutions/ banks, non-payment of statutory dues and dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares by the Promoters and the companies/ firms promoted by the promoters.

Further, there are no cases of pending litigations, defaults, etc. in respect of companies/ firms/ ventures with which the Promoters were associated in the past but are no longer associated.

Further, there are no litigations against the Promoter involving violation of statutory regulations or alleging criminal offence.

There are no pending proceedings initiated for economic offences against the Promoters, companies and firms promoted by the Promoters.

There are no pending litigations, defaults, non payment of statutory dues, proceedings initiated for economic offences/ civil offences (including the past cases). Further, no disciplinary action was taken by the SEBI/ stock exchanges against the promoters and their other business ventures (irrespective of the fact whether they are companies under the same management with the Issuer Company as per section 370 (1B) of the Companies Act, 1956).

**B. Cases filed against the Subsidiaries and Group Companies: Nil**

**C. Cases filed by the Subsidiaries and Group Companies: Nil**

**D. Litigations against the Company's Directors**

There is no outstanding litigation against the Directors of the Company.

There are no pending litigations against the directors involving violation of statutory regulations or alleging criminal offence.

There are no pending proceedings initiated for economic offences against the directors.

There are no past cases in which penalties were imposed by the concerned authorities on the Company's directors.

There are no pending litigations, defaults, non payment of statutory dues, proceedings initiated for economic offences/ civil offences (including the past cases), any disciplinary action taken by the SEBI / stock exchanges against the Company's directors.

**G. Litigations by the Company's Directors: Nil**

**H. Notices issued against the Company: Nil**

**I. Notices issued by the Company: Nil**

**J. Notices issued against the Subsidiaries and Group Companies: Nil**

**K. Notices issued by the Subsidiaries and Group Companies: Nil**

The Promoters, their relatives (as per Companies Act, 1956), issuer, group companies, associate companies are not detained as willful defaulters by RBI/ government authorities and there are no violations of securities laws committed by them in the past or pending against them.

There are no outstanding litigation, suits or criminal or civil prosecutions, proceedings or tax liabilities present or past by / against the Company, Directors, Promoters and against the directors in their individual capacity that would have a material adverse effect on the Company and there are no defaults, non-payment or over dues of statutory dues, institutional/ bank dues that would have a material adverse effect on the Company.

The Company, promoters, directors or any of the Company's Associates or Group companies or other ventures of the promoters and companies with which the directors of the Company are associated as directors or promoters have not been prohibited from accessing the capital markets under any order or direction passed by SEBI and no penalty has been imposed at any time by any of the regulators in India or abroad.

There are no changes in the business of the Company, including discontinuance of lines of business, during the last five years, which may have had a material effect on the profits of the Company.

**Material Developments**

In the Opinion of the Board Of Directors, there has not arisen, Since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstance that materially or adversely affect or are likely to affect the profitability of the Company and taken as a whole or the value of their Assets or their ability to pay its material liabilities within the next twelve months.

## B. STATUTORY LICENSES AND APPROVALS

The approvals and licenses received by the Company from government/other authorities listed below enables it to carry out its present business activities. Unless otherwise stated herein below, these approvals are valid and subsisting as on the date of this Draft Red Herring Prospectus. It must, however, be distinctly understood that in granting the above approvals, the Government/RBI and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

### Approvals for the Issue

1. In-principle approval from the National Stock Exchange dated [●]
2. In-principle approval from the Bombay Stock Exchange dated [●]

### Approvals to carry on the Business

The Company requires various approvals for it to carry on its business in India. Certain approvals have elapsed in their normal course and the Company has either made an application to the appropriate authorities for renewal of such licences and or/approvals or is in the process of making such applications. The approvals that the Company requires include the following:

Sr. No.	Applicable Act	Details of the Applicable Statute and Section	Details of the License/Registration	Issuing Authority
1.	<b>The Companies Act, 1956</b>	The Company is required to obtain a Certificate of Incorporation by the Registrar, under section 35, which shall act as conclusive evidence that all the requirements of this Act have been complied with in respect of registration and matters precedent and incidental thereto.	Certificate of Incorporation No. 01-49272 of 2006  CIN: U40105AP2006PTC49272  Dated: February 24, 2006	Registrar of Companies, Andhra Pradesh, Hyderabad
2.	<b>The Companies Act, 1956</b>	The Company is required to obtain a Certificate for Commencement of Business, which shall be granted by the Registrar after the Company has complied with	Certificate for commencement of business  Dated: March 31, 2006	Deputy Registrar of Companies, Andhra Pradesh, Hyderabad

Sr. No.	Applicable Act	Details of the Applicable Statute and Section	Details of the License/ Registration	Issuing Authority
		the conditions given under section 149.		
3.	<b>Income Tax Act, 1961</b>	The Company is required to complete the assessments for the respective financial years and duly file the returns with the Income Tax Authorities	Permanent Account Number (PAN): AACCV2054N  Dated : February 24, 2006	Chief Commissioner of Income Tax
4.	<b>Income Tax Act, 1961-</b>	The Company is required to obtain Tax Deduction Account Number (TAN) and pay the tax deducted at source to the Central Government within the prescribed time	Tax Deduction Account Number (TAN): HYDV04133D  Issued dated: April 21, 2006	Income Tax Department
5.	<b>Andhra Pradesh Value Added Tax Act, 2005</b>	The Company is required to register as a VAT dealer under the section 17 of the Andhra Pradesh Value Added Tax Act, 2005 and upon such registration will be awarded a TIN number as per section 18 of the act.	TIN: 28940817291  Issued dated: April 17, 2006  With effect from March 1, 2006	Commercial Tax Officer,
6.	<b>Central Excise Rules, 2002 Rule 9</b>	The Company is required to be registered under Rule 9 of the Central Excise Rules, 2002.	Registration No. AACCV2054NXD001  Issued dated:- February 25, 2009	Assistant Commissioner of Customs and Central Excise Division, Hyderabad.

Sr. No.	Applicable Act	Details of the Applicable Statute and Section	Details of the License/ Registration	Issuing Authority
7.	<b>Finance Act, 2002</b>	The Company is liable to pay the service tax within such time and in such manner and in such form as may be prescribed and should make an application for registration to the Superintendent of Central Excise.	Andhra Pradesh Service Tax Code Registration No. AACCV2054NST001 Issued dated:- October 24, 2006	Superintendent of Central Excise
8.	<b>Andhra Pradesh on Professions, Trades, Callings and Employment Act, 1987</b>	The Company is required to be registered under section 4 of the act.	Registration No. ABS/05/PT/715/2006-2007 Issued Dated:- June 6, 2006	Professional Tax Officer, Narayanguda Circle, Hyderabad
9.	<b>Andhra Pradesh Shops and Establishment Act, 1988</b>	The Company is required to be registered under section 3 of the act. Under section 4 of the act, the Company is required to renew the registration on the expiry of the registration period.	Renewal Registration Certificate No. ACC - III / Hyderabad/205/06. The renewal certificate was valid upto December 31, 2010. <i>The Company has filed the application for the renewal of the certificate vide letter dated November 25, 2010.</i>	Assistant Commissioner of, Labour, Hyderabad - III.
10.	<b>Employees' Provident Fund Act, 1952</b>	As per the provisions of the Employees Provident Fund and Miscellaneous Provisions Act 1952, the Company is required to provide and formulate a scheme for the provision of Provident Fund, Pension and an Employees	Establishment Code No. Enf/C.I/2006/3620 With effect from:- May 1, 2006 Dated :- June 27, 2006	Assistant Provident Fund Commissioner

Sr. No.	Applicable Act	Details of the Applicable Statue and Section	Details of the License/ Registration	Issuing Authority
		Deposit Linked Life Assurance Scheme.		
11.	Industries Department of Andhra Pradesh	-	Memorandum for Manufacture Enterprise - Nature of activity - Services Category of Enterprise - Micro Entrepreneurs Memorandum Number - 280052100825 Date of Issue - February 9, 2009	General Manager, District Industries Centre, Hyderabad District, Musheerabad
12.	Electricity Act, 2003 (Andhra Pradesh Electrical Licensing Rules. 1987)	-	Hyderabad - Electrical Contractor's License A-1-754/3838 Renewal Date: February 8, 2010 License issued for exceeding 33 KV (All Voltage) Valid from January 25, 2010 to January 24, 2012. Supervisor Permit No: A/ 3887 - I - 754 Issued in the name of Mr. D. L. Noah Certificate of Competency No. 4357 Issued on : October 29, 2003 The permit is renewed from January 25, 2010 till January 24, 2012 Wireman's Permit No. O - 105106 Issued in the name of Mr.	Electrical Inspector, Hyderabad Secretary, Electrical A.P. Licensing Board Secretary, Electrical A.P. Licensing Board

Sr. No.	Applicable Act	Details of the Applicable Statute and Section	Details of the License/Registration	Issuing Authority
			<p>P.S.Mohana Reddy</p> <p>Certificate of Competency No: 12250</p> <p>Issued on: September 11, 2007</p> <p>The permit is renewed from September 11, 2007 till September 10, 2012</p> <p><b>Wireman's Permit No. O - 108337</b></p> <p>Issued in the name of Mr. Ramesh</p> <p>Certificate of Competency No: 15481</p> <p>Issued on: November 21, 2009</p> <p>The permit is renewed from January 25, 2010 till January 24, 2012</p>	Secretary, Electrical Board A.P. Licensing
13	ISO 9001 : 2008 Registration		<p>Certificate Registration No. 9910011712</p> <p>Report No. 20056414 for execution of electrical projects of distribution and transmission works on turnkey basis</p> <p>Issue Date: May 7, 2010</p> <p>Effective Date: May 7, 2010</p> <p>Valid until - May 6, 2013</p>	Certification Body of TUV SUD South Asia Private Limited

**Intellectual Properties owned and/or used by the Company:**

**(a) Trademarks:**

The Company does not have any registered trademarks protected under the provisions of the Trademarks Act, 1999.

**(b) Copyrights:**

The Company does not have any registered copyrights protected under the provisions of the Copyrights Act, 1957.

**(c) Patents:**

The Company does not have any registered patents protected under the provisions of the Patents Act, 1999.

**(d) Designs:**

The Company does not have any registered designs protected under the provisions of the Designs Act.

**(e) Domain Names:**

There is no domain registered in the name of the Company.

## **SECTION VII - REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for the Issue**

The Board of Directors has, pursuant to resolution passed at its meeting held on January 01, 2011, authorised the Issue subject to the approval by the shareholders of the Company under section 81(1A) of the Companies Act, 1956.

The shareholders of the Company have authorised the Issue by a special resolution in accordance with section 81(1A) of the Companies Act, 1956 passed at the Extra Ordinary General Meeting of the Company held on January 24, 2011 at the Registered Office of the Company.

The Company has received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

### **Prohibition by the SEBI**

The Company, its Directors, Promoters, Promoter Group and Group Companies have not been prohibited from accessing or operating in capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

The Companies, with which the Promoter, Directors or persons in control of the Company are associated as promoter, directors or persons in control have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI.

### **Association of Directors with securities markets**

Mr. Darapuneni Murali is associated with JVS Securities Private Limited (JVSPL) as Director. JVSPL is a sub-broker of BSE and NSE. SEBI has not initiated any action against JVSPL.

### **Prohibition by RBI or any other governmental authorities**

The Company, promoters, Directors, the relatives (as defined under the Companies Act) of the Promoters, the Promoter Group, Group Entities and companies in which the Directors/ Promoters are associated as Directors or promoter have not been declared as wilful defaulters by RBI or any other governmental authorities.

### **Eligibility for the Issue**

The Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI Regulations as explained under, with the eligibility criteria calculated in accordance with restated Financial Statements:

- The Company has net tangible assets of at least Rs 3 Crores in each of the preceding 3 full years (of 12 months each), of which not more than 50% is held in monetary assets;
- The Company has a track record of distributable profits in terms of section 205 of the Companies Act, 1956, for at least (3) out of immediately preceding five (5) years;
- The Company has a net worth of at least ₹1 Crores in each of the preceding three (3) full years (of 12 months each);
- The Company has not changed its name within the last one year;

- The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size does not exceed five (5) times its pre-issue net worth as per the last available audited accounts. As per Regulation 26 (4), the Issuer shall not make an allotment pursuant to a public issue if the number of prospective allottees is less than one thousand (1000).

The net tangible assets, monetary assets, net profit and Net-worth as derived from the Financial Statements, as at and for the last five years ended March 31, 2006 to March 31, 2010 is set forth below -

(₹ in Lakhs)

Particulars	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Net Assets	2831.34	1379.94	969.62	744.98	585.24
Less : Intangible Assets	--	--	--	--	--
Net Tangible Asset (1)	2831.34	1379.94	969.62	744.98	585.24
Monetary Assets (2)	691.17	518.95	435.96	161.10	7.11
Monetary Assets as a percentage % age of Net Tangible Assets	24.41	37.61	44.96	21.62	1.21
Net worth(4)	1423.89	836.25	615.64	455.37	357.59
Distributable Profits(3)	653.68	270.90	160.03	118.06	-

**Notes:**

1. Net Tangible Assets is defined the sum of fixed assets (including capital work-in-progress and excluding revaluation reserves), investments, current assets (excluding Deferred Tax Assets) less Current liabilities (excluding Deferred Tax liabilities and long term liabilities).
2. Monetary assets include cash on hand, bank balance and deposits with Banks.
3. The distributable profits of the Company is as per Section 205 of Companies Act, 1956.
4. Net Worth has been defined as aggregate of equity share capital and reserves, after deducting miscellaneous expenditures.
5. The Company has not made any public issue of its equity shares till date.

The proposed issue size would not exceed five times the pre-issue Tangible net worth as on March 31, 2010 which is ₹ 2831.34 lakhs. Based on the above data we hereby certified that the Company is fulfilling the criteria of eligibility norms for Public Issue by unlisted company as specified in the regulation 26(1) of SEBI (ICDR) Regulations.

Further, in accordance with Regulation 26 (4) of the SEBI (ICDR) Regulations, we undertake that the number of allottees, i.e., persons receiving allotment in the Issue shall be at least 1,000; otherwise, the entire application money will be refunded forthwith. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

For a complete explanation of the above figures please refer to the section entitled "Financial Information" beginning on page 132 of this Draft Red Herring Prospectus.

#### **Disclaimer Clause of SEBI**

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE BOOK RUNNING LEAD MANAGER, KARVY INVESTOR SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, KARVY INVESTOR SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED APRIL 18, 2011 WHICH READS AS FOLLOWS:

(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;

(2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:

(A) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

(B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

(3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.

(4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS - NOTED FOR COMPLIANCE

(5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

(6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.

(7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE.- NOT APPLICABLE

(8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE MAIN OBJECTS LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

(9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.- NOTED FOR COMPLIANCE

(10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.-NOT APPLICABLE

(11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

(12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:

(A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND

(B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.

(13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.

(14) WE ENCLOSURE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.

(15) WE ENCLOSURE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER, ANY IRREGULARITIES OR LAPSSES IN THE DRAFT RED HERRING PROSPECTUS.

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE ARE BEING COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE REGISTRAR OF COMPANIES, ANDHRA PRADESH IN TERMS OF 60B OF THE COMPANIES ACT. ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF REGISTRATION OF THE PROSPECTUS WITH THE REGISTRAR OF COMPANIES, ANDHRA PRADESH IN TERMS OF SECTION 56, SECTION 60 OF THE COMPANIES ACT.

#### **Disclaimer from the Company, its Directors and the BRLM**

The Company, its Directors, and the BRLM accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by the Company or at the instigation of the above mentioned entities and anyone placing reliance on any other source of information, including the Company's website [www.vplindia.com](http://www.vplindia.com), would be doing so at his or her own risk.

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to the Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not offer, sell, pledge or transfer the Equity Shares of the Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

### **Caution**

The BRLM accept no responsibility, save to the limited extent as provided in the Issue Agreement entered into between the BRLM and the Company on March 29, 2011 and the Underwriting Agreement dated [●] entered into among the Underwriters and the Company.

All information shall be made available by the Company and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including road show presentations, in research or sales reports, at bidding centres or elsewhere.

Neither the Company nor Syndicate is liable for any failure in downloading the Bids due to faults in any software/ hardware system or otherwise.

Bidders will be required to confirm and will be deemed to have represented to the Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not issue, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. The Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

Book Running Lead Manager and their respective affiliates may engage in transactions with, and perform services for, the Company and its Group Companies or affiliates in the ordinary course of business and have engaged, or may in the future engage, in transactions with the Company and its Group Companies or affiliates, for which they have received, and may in the future receive, compensation.

### **Disclaimer in respect of jurisdiction**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds) and to FIIIs, eligible Non-Resident Indians and other eligible foreign investors (viz. FVCIs, multilateral and bilateral development financial institutions). This Draft Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Hyderabad, Andhra Pradesh, India only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with the SEBI for its observations and the SEBI has given its observations and the Red Herring Prospectus has been filed with the RoC. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been, and will not be, registered under the United States Securities Act, 1933 or any state securities laws in the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the United States Securities Act, 1933. Accordingly, the Equity Shares will be offered and sold only outside the United States in compliance with Regulation S of the United States Securities Act, 1933 and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been, and will not be, registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

#### **Disclaimer clause of the BSE**

As required, a copy of this Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated to the Company by the BSE, post-scrutiny of the Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

#### **Disclaimer clause of the NSE**

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated to the Company by the NSE, post-scrutiny of the Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

#### **Disclaimer of IPO Grading Agency:**

As required, we have appointed [●] as the grading agency. The Disclaimer Clause as intimated by [●] shall be included in the Red Herring Prospectus prior to RoC filing.

#### **Filing**

A copy of the Draft Red Herring Prospectus dated April 6, 2011 has been filed with the SEBI, D'Monte Building, 3<sup>rd</sup> Floor, 32 D'Monte Colony, TTK Road, Alwarpet, Chennai - 600 018. A copy of the Draft Red Herring Prospectus was also filed with SEBI at Plot No.C-4A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400051.

A copy of the Red Herring Prospectus, along with the other documents required to be filed under section 60B of the Companies Act, will be delivered for registration to the RoC and a copy of the Prospectus, alongwith the other documents required, to be filed under section 60 of the Companies Act will be delivered for registration to the RoC, Andhra Pradesh at the address given below:

Sultan Bazar, 2<sup>nd</sup> Floor,  
CPWD Building, Kendriya Sadan,  
Sultan Bazar, Koti,  
Hyderabad - 500 195.

### **Listing**

Applications have been made to the NSE and the BSE for permission to deal in and for an official quotation of the Equity Shares. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalized.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by NSE and BSE, and the Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within eight days after the Company has become liable to repay it (i.e., from the date of refusal or within 15 days from the date of Bid/Issue Closing Date, whichever is earlier), then the Company shall, on and from expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within twelve working days from the Bid/Issue Closing Date.

### **Impersonation**

**Attention of the applicants is specifically drawn to the provisions of sub-section(1) of the Section 68A of the Companies Act, which is reproduced below:**

**“Any person who:**

- (a) Makes in a fictitious name, an application to the Company for acquiring or subscribing for, any shares therein, or**
- (b) Otherwise induces a Company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name**

**shall be punishable with imprisonment for a term which may extend to five years”**

### **Consents**

Consents in writing of: (a) the Directors, the Company Secretary & Compliance Officer, the Auditors, the Bankers to the Company and the Bankers to the Issue; and (b) the BRLM the Syndicate Members, the Escrow Collection Bankers and the Registrar to the Issue to act in their respective capacities, have been obtained and will be filed along with a copy of the Prospectus and Red Herring Prospectus with the RoC as required under sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the DRHP with SEBI.

In accordance with the Companies Act and the SEBI (ICDR) Regulations, SPAD & Associates, Chartered Accountants, have given their written consent to the inclusion of their reports in the form and context in which it appears in this Draft Red Herring Prospectus and such consent and reports have not been withdrawn up to the time of delivery of the DRHP with the SEBI.

SPAD & Associates, Chartered Accountants, have given their written consent to the possible tax benefits accruing to the Company and its members in the form and context in which it appears in this Draft Red Herring Prospectus and such consent has not been withdrawn up to the time of delivery of the DRHP to the SEBI.

[●], a SEBI registered credit rating agency has given its written consent to for inclusion of its grading of the Issue in the Draft Red Herring Prospectus and such consent and report will not be

withdrawn upto the time of delivery of the Red Herring Prospectus and the Prospectus for registration with the Registrar of Companies, Andhra Pradesh, Hyderabad.

#### Expert Opinion

Except for the reports of the Auditors of the Company on the restated financial statements and Tax Benefits included in this Draft Red Herring Prospectus and except for the report provided by the IPO Grading Agency (a copy of which report will be annexed to the Red Herring Prospectus), furnishing the rationale for its grading, the Company has not obtained any other expert opinion.

#### Issue Expenses

The expenses of this issue which includes fees payable to BRLM to the Issue, Registrars to the Issue, Legal Advisors to the Issue, Auditors, Underwriting Commission, Selling Commission, Escrow Banker's charges, Printing and Stationery, Advertisement Expenses and all other incidental and miscellaneous expenses for listing of the Equity Shares on the Stock Exchanges. The total estimated expenses are ₹ [•] lakhs which is [•] % of the Issue size. The details of the expenses are as given below:

Activity	Amount (₹ In lakhs )	% of Issue Expenses	% of Issue Size
Fees to Book Running Lead Manager	[•]	[•]	[•]
Fees to Registrar to the Issue	[•]	[•]	[•]
Fees to Legal Advisor to the Issue	[•]	[•]	[•]
Fees to Auditors	[•]	[•]	[•]
Underwriting Commission	[•]	[•]	[•]
Selling Commission	[•]	[•]	[•]
IPO Grading expenses	[•]	[•]	[•]
Printing & Stationery	[•]	[•]	[•]
Advertisement expenses	[•]	[•]	[•]
Other expenses (including filing fees, listing fees, Escrow Banker charges, depository charges, IPO grading agency's fees etc.)	[•]	[•]	[•]
Contingencies	[•]	[•]	[•]
<b>Total</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>

#### Fees Payable to the Book Running Lead Manager and Syndicate Members

The total fees payable to the BRLM and the Syndicate Members (including underwriting commission and selling commission and reimbursement of their out of pocket expenses) will be as per the engagement letters, copies of which are available for inspection at the Registered Office of the Company.

#### Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue for the processing of applications, data entry, printing of CAN/refund orders, preparation of refund data on magnetic tape and printing of bulk mailing register will be as per the memorandum of understanding between the Company,

and the Registrar to the Issue dated October 21, 2010, a copy of which is available for inspection at the Registered Office of the Company.

The Registrar to the Issue will be reimbursed all out-of-pocket expenses incurred by it including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or Allotment advice in the manner described in this Draft Red Herring Prospectus by registered post/speed post/under certificate of posting.

#### **IPO Grading**

[•]

#### **Summary of rationale for grading by the IPO Grading Agency**

[•]

#### **Particulars regarding Public or Rights Issues during the last five years**

The Company has not made any previous public or rights issues in India or abroad since the time of its incorporation.

#### **Previous issues of Equity Shares otherwise than for Cash**

Except as stated in the section entitled “Capital Structure of the Company” on page 45 of this Draft Red Herring Prospectus and “History and Certain Corporate Matters” on page 104 of this Draft Red Herring Prospectus, the Company has not issued any Equity Shares for consideration other than cash.

#### **Underwriting Commission, Brokerage and Selling Commission on Previous Issues**

Since this is an Initial Public Offering of Equity Shares of the Company, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since the Company’s inception.

#### **Companies under the Same Management**

No company under the same management within the meaning of Section 370(1B) of the Companies Act has made any public Issue (including any rights issues to the public) during the last three years. For details, see the section “Promoters and Promoter Group Companies” beginning on page 123 of this Draft Red Herring Prospectus.

#### **Promise vis à-vis Performance**

Neither the Company nor any Promoter Group or associate company has made any previous rights or public issues.

#### **Outstanding Debentures or Bonds or Redeemable Preference Shares**

The Company has no outstanding debentures or bonds or redeemable preference shares as of the date of this Draft Red Herring Prospectus.

#### **Stock Market Data for the Equity Shares**

This being an initial public offering of the Company, the Equity Shares are not listed on any stock exchange.

### **Purchase of Property**

Except as stated in "Objects of the Issue" on page 55 of this Draft Red Herring Prospectus there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Draft Red Herring Prospectus, other than property, in respect of which:

- The contract for the purchase or acquisition was entered into in the ordinary course of business, nor was the contract entered into in contemplation of the Issue, nor is the issue contemplated in consequence of the contract; or
- The amount of the purchase money is not material.

Except as stated in this Draft Red Herring Prospectus, the Company has not purchased any property in which any of its Promoter and/or Directors, have any direct or indirect interest in any payment made there-under.

### **Mechanism for Redressal of Investor Grievances**

The agreement between the Registrar to the Issue and the Company will provide for retention of records with the Registrar to the Issue for the period as required to maintain records under the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 from the last date of dispatch of letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

The Company estimates that the average time required by them or the Registrar to the Issue for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, the Company will seek to redress these complaints as expeditiously as possible.

The Company has constituted an Investor Grievance Committee and also appointed Mr.K Rajesh Babu as the Compliance Officer for this Issue and he may be contacted at:-

Vishwanath Projects Limited  
3-5-874/A, Flat No. 401, 4th floor,  
R K Vipanchi Estates,  
Hyderguda,  
Hyderabad - 500 029

The investors are requested to contact the above-mentioned Compliance Officer in case of any Pre-issue related clarification. In case of Post-Issue related problems such as non-receipt of letters of allotment/share certificates/credit of securities in depositories beneficiary account/refund orders etc., Investors may contact Compliance Officer or Registrar to the Issue.

### **Change in Auditors**

There have been no changes in the Auditors of the Company in the last three years.

**Capitalization of Reserves or Profits**

The Company has not capitalised any reserves or profits during the last five years, except bonus shares issued as stated in the section titled “Capital Structure of the Company” starting from page 45 of this Draft Red Herring Prospectus.

**Revaluation of Assets**

There has been no revaluation of the Company’s assets since its incorporation.

**Payment or Benefit to Officers of the Company**

Except for statutory benefits available upon termination of their employment in the Company or superannuation, no officer of the Company is titled to any benefit upon termination of his employment in the Company or superannuation.

## **SECTION VIII - ISSUE INFORMATION**

### **A. TERMS OF THE ISSUE**

#### **Principal Terms and Conditions of the Issue**

The Equity Shares being offered are subject to the provisions of the Act, the Memorandum and Articles of Association, the terms of this Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, the Bid cum Application Form, the ASBA Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advice and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government, Stock Exchanges, the Reserve Bank of India and/or other authorities, as in force on the date of the Issue and to the extent applicable.

#### **Ranking of Equity Shares**

The Equity Shares being offered shall be subject to the provisions of the Act and the Memorandum and the Articles of Association and shall rank parri-passu in all respects with the existing Equity Shares, including rights in respect of dividends. The allottees will be entitled to dividend, voting rights of any other corporate benefits, if any, declared by the Company after the date of allotment. For further details, see the section "Main Provisions of the Articles of Association" beginning on page 241 of this Draft Red Herring Prospectus.

#### **Mode of payment of Dividend**

The Company shall pay dividend to the shareholders as per the provisions of the Act, the Equity listing agreement proposed to be entered into with Stock Exchanges and its Articles of Association.

#### **Face Value and Issue Price**

The face value of the Equity Shares is ₹ 10/- each. The Floor Price of Equity Shares is ₹ [●] per Equity Share and the Cap Price is ₹ [●] per Equity Share.

The Price Band and the minimum bid lot as decided by the Company in consultation with the Book Running Lead Manager, including the relevant financial ratios computed for both the Cap Price and the Floor Price and shall be published at least two Working Days prior to the Bid/Issue Opening Date in English, Hindi national newspapers and Telugu regional newspaper with wide circulation.

At any given point of time there shall be only one denomination for the Equity Shares.

#### **Compliance with SEBI (ICDR) Regulations**

The Company shall comply with applicable disclosure and accounting norms as specified by SEBI from time to time.

#### **Rights of the Equity Shareholder**

Subject to applicable laws, the Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and

- Such other rights, as may be available to a shareholder of a listed public company under the Act and the Memorandum and Articles of Association of the Company.

For further details on the main provisions of the Company's Articles of Association dealing with, voting rights, dividend, forfeiture and lien, transfer and transmission, see the section titled "Main Provisions of the Articles of Association" on page 241 of this Draft Red Herring Prospectus.

#### **Market Lot and Trading Lot**

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. As per SEBI (ICDR) Regulations, trading in Equity Shares shall only be in dematerialized form for all investors. Since trading of the Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment through this Issue will be done only in electronic form in multiples of one Equity Share subject to a minimum allotment of [●] Equity Shares.

#### **Jurisdiction**

Exclusive jurisdiction for the purpose of this issue is with the competent courts/authorities in Hyderabad, Andhra Pradesh, India.

#### **Nomination Facility to Investor**

In the nature of the rights specified in Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder(s), may nominate any one Person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A Person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall have the same rights to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any Person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/ alienation of Equity Share(s) by the Person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Head Office of the Company or at the Registrar and Transfer Agents of the Company.

In the nature of the rights stated in Section 109B of the Companies Act, any person who becomes a nominee in the manner stated above, shall upon the production of such evidence as may be required by the Board of Directors, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board of Directors may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, the Board of Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with the Company. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

### Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Issue to public including devolvement of Underwriters within 60 days from the date of closure of the Issue, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the Company becomes liable to pay the amount (i.e. from the date of refusal or within 10 weeks from the Bid/Issue Closing Date, whichever is earlier), the Company shall pay interest as prescribed under Section 73 of the Companies Act.

Furthermore, in accordance with Regulation 26(4) of the SEBI (ICDR) Regulations, the Company shall ensure that the number of allottees under the Issue shall not be less than 1,000, failing which the entire application money will be refunded forthwith.

### Bidding Period

BID/ISSUE PROGRAMME	
DATE OF OPENING OF THE ISSUE : [●]	DATE OF CLOSING OF THE ISSUE (for QIB Bidders): [●]#
	DATE OF CLOSING OF THE ISSUE (for Non-QIB Bidders): [●]

*#The Company in consultation with Book Running Lead Manager may decide to close the Bidding/Issue Period for QIBs one working day prior to the Bid/Issue Closing Date in accordance with the SEBI (ICDR) Regulations.*

### Arrangements for Disposal of Odd Lots

The Company's Equity Shares will be traded in dematerialized form only and therefore the tradable lot is one share. Therefore there is no possibility of odd lots.

### Restriction on Transfer and Transmission of Shares

Except for lock-in of the pre-Issue Equity Shares and Promoters' Contribution as detailed "Capital Structure of the Company" on page 45, there are no restrictions on transfer of Equity Shares. There are no restrictions on transfer and transmission of shares/ debentures and on their consolidation/ splitting except as provided in the Articles of Association of the Company. For significant provisions of the Articles of the Association of the Company, see "Main Provisions of the Articles of Association" on page 241 of this Draft Red Herring Prospectus.

### Subscription by NRIs/ FIIs/Foreign Venture Capital Funds registered with SEBI

As per the extant policy of the Government of India, OCBs cannot participate in this Issue. As per the current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, there exists a general permission for the NRIs, FIIs and foreign venture capital investors registered with SEBI to invest in shares of Indian companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, RBI and/or SEBI regulations as may be applicable to such investors. It is to be distinctly understood that there is no reservation for NRIs, FIIs and all NRI, FIIs registered with SEBI applicants will be treated on the same basis with other categories for the purpose of allocation.

The allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India/RBI while granting such approvals.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S.**

persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to "qualified institutional buyers", as defined in Rule 144A under the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur. This information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. The Company and the BRLM does not accept any responsibility for the completeness and accuracy of the information stated hereinabove. The Company and the BRLM are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

## B. ISSUE STRUCTURE

The present issue of [●] Equity Shares of a face value of ₹10/- each, for cash at a price of [●] per Equity Share aggregating to ₹3200 lakhs is being made through the Book Building Process. The Issue will constitute up to [●] % of the fully diluted post-Issue paid up capital of the Company.

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares *	Upto [●] Equity Shares.	Not less than [●] Equity Shares or Offer less allocation to QIB Bidders and Retail Individual Bidders.	Not less than [●] Equity Shares or Offer less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Issue size available for Allocation	Upto 50% of the Issue. However, up to 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only. The undersubscribed portion in the Mutual Fund portion will be available for allocation to QIBs.	Not less than 15% of the Issue or the Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 35% of the Issue or the Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Basis of Allocation if respective category is oversubscribed	Proportionate as follows:  (a) Equity Shares constituting 5% of the QIB portion shall be allocated on a proportionate basis to Mutual Funds and (b) The balance Equity Shares shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate.	Proportionate.
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares.	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares.	[●] Equity Shares and in multiples of [●] Equity shares thereafter.
Maximum Bid	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed ₹ 200,000.
Mode of	Compulsorily in	Compulsorily in	Compulsorily in

Allotment	dematerialized form.	dematerialized form.	dematerialized form.
Bid/ Allotment lot	[•] Equity Shares and in multiples on [•] Equity Shares	[•] Equity Shares and in multiples on [•] Equity Shares	[•] Equity Shares and in multiples on [•] Equity Shares
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply**	Public financial institution as defined in section 4A of the Companies Act, 1956, scheduled commercial banks, mutual funds, foreign institutional investors (and their sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual); Multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority (IRDA), provident funds with minimum corpus of ₹ 2,500 lakhs, pension funds with minimum corpus of ₹ 2,500 lakhs, National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and	Resident Indian individuals, NRIs, HUF (in the name of Karta), companies, bodies' corporate, scientific institutions and trusts.	Individuals, including NRIs and HUF (in the name of Karta), such that the Bid Amount does not exceed ₹ 200,000.

	managed by the Department of Posts, India		
Terms of Payment***	Bid Amount shall be payable at the time of submission of the Bid cum Application Form to the member of the Syndicate Members.**	Bid Amount shall be payable at the time of submission of Bid cum Application Form**	Bid Amount shall be payable at the time of submission of Bid cum Application Form **

\*Subject to valid Bids being received at or above the Issue Price. The Issue is being made through a 100% Book Building Process wherein up to 50% of the Issue shall be allotted on a proportionate basis to QIBs. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs, subject to valid bids being received from them at or above the Issue Price.

\*\* In case the Bid-cum-Application Form or the Application Supported by Blocked Amount is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid-cum- Application Form or the Application Supported by Blocked Amount.

\*\*\* In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account of the ASBA Bidder that are specified in the ASBA Bid cum Application Form.

Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

Under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at the sole discretion of the Company, in consultation with the BRLM and the Designated Stock Exchange. Please see the section titled “Issue Procedure” beginning on page 205 of this Draft Red Herring Prospectus.

#### **Withdrawal of the Issue**

The Company, in consultation with the BRLM, reserves the right not to proceed with the Issue after the Bid/Issue Opening Date but before the Allotment of the Equity Shares, and if so, the reason thereof shall be given as a public notice within two days of the closure of the Issue. The public notice shall be issued in the same newspapers where the pre-issue advertisement had appeared. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day of receipt of such notification. The stock exchanges where the specified securities were proposed to be listed shall also be informed promptly. If the Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh Draft Red Herring Prospectus with the SEBI.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges in relation to Equity Shares being offered as a part of the Fresh Issue, which the Company will apply for after Allotment, and (ii) the final RoC approval of the Prospectus.

### **Letters of Allotment or Refund Orders or instructions to the SCSBs**

The Company shall give credit the Allotted Equity Shares to the beneficiary account with depository participants within 12 Working Days from the Bid/Issue Closing Date. Applicants residing at the centres where clearing houses are managed by the RBI, will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. The Company shall ensure dispatch of refund orders, if any, of value up to ₹ 1,500, by "Ordinary Post", and shall dispatch refund orders above ₹ 1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk within 12 Working Days of the Bid/Issue Closing Date. Bidders to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 12 Working Days of closure of Bid/ Issue Closing Date. In case of ASBA Bidders, the Registrar shall instruct the relevant SCSBs to, on the receipt of such instructions from the Registrar, unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid/Issue Closing Date.

### **Interest in case of delay in despatch of Allotment Letters or Refund Orders/ instruction to the SCSBs by the Registrar**

The Company will ensure that (i) the Allotment of Equity Shares; and (ii) credit to the successful Bidders depositary accounts will be completed within 12 Working Days of the Bid/ Issue Closing Date. The Company further agrees that it shall pay interest at the rate of 15% p.a. if the Allotment letters or refund orders have not been despatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within 15 days or 12 Working Days from the Bid/ Issue Closing Date, whichever is later.

The Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by the Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

### **BID/ ISSUE PROGRAM**

BID/ ISSUE OPENED ON	[•]
BID / ISSUE CLOSES (EXCEPT FOR QIB BIDDERS) ON #	[•]
BID / ISSUE CLOSES (FOR QIB BIDDERS) ON	[•]

# The Company in consultation with the BRLM may consider closing the QIB Bidding period a day before the Bid Closing date for other Bidders.

**Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/ Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded till**

- (i) 4.00 p.m. in case of Bids by QIB Bidders, Non-Institutional Bidders and;
- (ii) 5.00 p.m. till such time as permitted by the BSE and the NSE, in case of Bids by Retail Individual Bidders where the Bid Amount is up to ₹200,000.

Due to limitation of time available for uploading the Bids on the Bid/ Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/ Issue Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid/ Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/ Issue Closing Date, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under this Issue. Bidders other than QIB Bidders are cautioned that in the event a large number of Bids are received on the Bid Closing Date, as is typically experienced in public issues, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation in the Issue. If such Bids are not uploaded, the Company, and the Syndicate will not be responsible. Bids will only be accepted on working days i.e. Monday to Friday (excluding any public holiday).

On the Bid Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received from Retail Bidders, after taking into account the total number of Bids received up to the closure of timings for acceptance of Bid cum Application Forms as stated herein and reported by the BRLM to the Stock Exchanges within half an hour of such closure.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical or electronic ASBA Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask the relevant SCSB for rectified data.

Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/Allotment. In the event of a discrepancy of data between the Bids registered on the online IPO system and the physical Bid cum Application Form, the decision of the Book Running Lead Manager and the Designated Stock Exchange, based on the physical records of Bid cum Application Forms shall be final and binding on all concerned.

The Company in consultation with the BRLM reserve the right to revise the Price Band during the Bidding Period in accordance with the SEBI (ICDR) Regulations. The cap should not be more than 20% of the floor of the Price Band. The floor of the Price Band can be revised up or down up to the extent of 20% of the floor of the Price Band as disclosed by way of an advertisement published at least 2 (two) days prior to the Issue Opening Date.

In case of revision in the Price Band, the Bidding Period shall be extended for three additional working days after such revision, subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the websites of the BRLM and the terminals of the other members of the Syndicate.

## C. ISSUE PROCEDURE

This section applies to all Bidders. Please note that all Bidders can participate in the Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all the Bidders are required to make payment of the full Bid Amount or instruct the relevant SCSB to block the full Bid amount at the time of submission of the Bid.

The Company and the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section, and are not liable for any amendment, modification or change in applicable law, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus.

### *Book Building Procedure*

The Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be available for allocation to Qualified Institutional Buyers on a proportionate basis out of which, 5% shall be available for allocation on a proportionate basis to Mutual Funds only. Further, not less than 15% of the Issue would be available for allocation to Non-Institutional Bidders and not less than 35% of the Issue would be available for allocation to Retail Individual Bidders on a proportionate basis, subject to valid bids being received from them at or above the Issue Price.

Any under-subscription in any other category will be allowed to be met with spill-over from any category or combination of categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange.

All Bidders other than ASBA Bidders are required to submit their Bids through the Syndicate. ASBA Bidders are required to submit their Bids to the SCSBs or through members of Syndicate. Bids by QIBs will only have to be submitted to through the BRLM or its affiliates. Investors should note that the Equity Shares will be allotted to all successful Bidders only in dematerialised form.

In the case of QIB Bidders, the Company in consultation with the BRLM, reject their Bids at the time of acceptance of the Bid cum Application Form, provided that reasons for such rejection will be provided in writing. In case of Non Institutional Bidders and Retail Bidders, the Company will have the right to reject the Bids on grounds, as mentioned in this Draft Red Herring Prospectus and the Red Herring Prospectus including grounds mentioned under section titled “*Issue Procedure- Grounds for Technical Rejections*” on page 228.

**Allotment to successful Bidders will be only in the dematerialized form. Bidders will not have the option of receiving Allotment in physical form. On Allotment, the Equity Shares will be traded only on the dematerialized segment of the Stock Exchanges.**

**Bid cum Application Forms which do not contain the details of the Bidders’ depository accounts including Depository Participant Identity (“DP ID”), PAN and Beneficiary Account Number (“BAN”) will be treated as incomplete and rejected.**

**Bidders must ensure that the PAN (of the sole/first Bidder) provided in the Bid cum Application Form is exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held. If the Bid cum Application Form is submitted in joint names, Bidders must ensure that the beneficiary account is held in the same joint names in the same sequence in which they appear in the Bid cum Application Form.**

Bidders can Bid at any price within the Price Band. The Price Band, and the Bid lot for the Issue will be decided by the Company, in consultation with the BRLM, and published at least two working days prior to the bid opening date, in an English daily newspaper, a Hindi national newspaper, Hindi daily national newspaper and a regional newspaper each, where the Registered Office of the Company is situated, with wide circulation.

### **ASBA Process**

In accordance with the SEBI (ICDR) Regulations, all Bidders (including QIB Bidders) can participate in the Issue through the ASBA process. ASBA Bidders shall submit an ASBA Bid-cum-Application Form either (i) in physical form to the Designated Branch of an SCSB or (ii) in electronic form through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the bank account ("ASBA Account") specified in the ASBA Bid-cum-Application Form used by ASBA Bidders. The SCSB shall block an amount equal to the Bid Amount in the ASBA Account, on the basis of an authorization to this effect given by the account holder at the time of submitting the Bid. The ASBA data shall be uploaded by the SCSB in the electronic bidding system of the Stock Exchanges. The Bid Amount shall remain blocked in the ASBA Account until approval of the basis of Allotment in the Issue by the Designated Stock Exchange and consequent transfer of the Bid Amount against the allocated shares to the Public Issue Account, or until withdrawal or failure of the Issue or until withdrawal or rejection of the ASBA Bid, as the case may be. Once the basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the requisite amount to the Public Issue Account. In case of withdrawal or failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the BRLM and/or the Registrar.

**Investors should note that allotment of Equity Shares to all successful Bidders will only be in the dematerialized form. The Bid-cum-Application Forms and ASBA Bid-cum-Application Forms which do not have the details of the Bidders' Depository Account shall be treated as incomplete and are liable to be rejected. Bidders will not have the option of being allotted the Equity Shares in physical form. Upon allotment, the Equity Shares shall be traded only in the dematerialized segment of the Stock Exchanges.**

### **Bid cum Application Form**

Copies of the Bid cum Application Form and the Red Herring Prospectus will be available for all categories of Bidders, with the members of the Syndicate and at the Registered Office of the Company. ASBA Bid cum Application Forms in physical form will be available with the Designated Branches and copies of ASBA Bid cum Application Forms will be available for downloading and printing from the websites of the Stock Exchanges. A unique application number will be generated for every ASBA Bid cum Application Form downloaded and printed from the websites of Stock Exchanges.

Copies of the Red Herring Prospectus shall, on a request being made by any Bidder, be furnished to him by the Book Running Lead Manager and the Stock Exchange. The Book Running Lead Manager and the Stock Exchanges may charge a reasonable sum of money for providing such copies of the Red Herring Prospectus.

Electronic ASBA Bid cum Application Forms will be available on the websites of the SCSBs and on the websites of the Stock Exchanges at least one day prior to the Bid Opening Date. Further, the SCSBs will ensure that the abridged prospectus is made available on their websites.

ASBA Bidders should submit the ASBA Bid cum Application Form either in physical form with a Designated Branch or in electronic form (through the internet banking facility available with the SCSBs or such other electronically enabled mechanism for Bidding), authorizing the SCSB to block funds equal to the Bid Amount in the ASBA Accounts.

Bidders should use only the specified Bid cum Application Form bearing the stamp of a member of the Syndicate or a Designated Branch (except in case of electronic ASBA Bid cum Application Forms), as the case may be, for the purpose of making a Bid in terms of the Red Herring Prospectus. Before being issued to Bidders, the Bid cum Application Form (except in relation to ASBA Bidders) will be serially numbered.

The Bid cum Application Form will contain information about the Bidder and the price and number of Equity Shares that the Bidder wishes to Bid for. Bidders will have the option to make a maximum of three Bids in the Bid cum Application Form and such options will not be considered multiple Bids. On determination of the Issue Price and on the filing of the Prospectus with the RoC, the Bid cum Application Form will be treated as a valid application form. On completion and submission of the Bid cum Application Form to a member of the Syndicate, and in the case of an ASBA Bid cum Application Form, either in physical form to a Designated Branch or in electronic form (through the internet banking facility available with the SCSBs or such other electronically enabled mechanism for Bidding), the Bidder is deemed to have authorized the Company to make the necessary changes in the Bid cum Application Form as may be required under the SEBI (ICDR) Regulations and other applicable law, for filing the Prospectus with the RoC and as required by SEBI and/or the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form	Colour
Resident Indians and Eligible NRIs applying on a non-repatriation basis (ASBA as well as non ASBA Bidders)		White
Eligible NRIs, FIIs or Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis (ASBA as well as non ASBA Bidders)		Blue

#### Who can Bid?

1. Indian nationals resident in India who are not minors or persons incompetent to contract, in single or joint names (not more than three);
2. Hindu Undivided Families or HUFs, in the individual name of the *Karta*. Such Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows:  
“Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*”. Bids by HUFs would be considered at par with those from individuals;
3. Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares;
4. Mutual Funds registered with SEBI;
5. Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws. NRIs other than eligible NRIs are not eligible to participate in this issue;
6. Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, cooperative banks (subject to RBI regulations and the SEBI (ICDR) Regulations and other laws, as applicable);
7. FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual;

8. Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category.
9. Venture Capital Funds registered with SEBI;
10. Foreign Venture Capital Funds registered with SEBI;
11. Multilateral and bilateral development financial institutions;
12. State Industrial Development Corporations;
13. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
14. Scientific and/or industrial research organisations authorised to invest in equity shares;
15. Insurance Companies registered with the Insurance Regulatory and Development Authority;
16. Provident Funds with a minimum corpus of ₹ 2500 lakhs and who are authorised under their constitution to hold and invest in equity shares;
17. Pension Funds with a minimum corpus of ₹ 2500 lakhs and who are authorised under their constitution to hold and invest in equity shares;
18. National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India; and
19. Insurance funds set up and managed by the army, navy or air force of the Union of India.
20. Insurance funds set up and managed by the Department of Posts, India
21. Any other persons eligible to Bid in this Issue, under the laws, rules, regulations, guidelines and polices applicable to them.

As per the existing regulations, OCBs cannot participate in this Issue.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.**

Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act and referred to in this DRHP as “U.S. QIBs”; for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this DRHP as “QIBs”), in transactions exempt from the registration requirements of the U.S. Securities Act and (b) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be**

made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

#### **Participation by associates and affiliates of the BRLM and the Syndicate Members**

The BRLM and the Syndicate Members shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLM and Syndicate Members may subscribe to or purchase Equity Shares in the Issue, either in the QIB Portion or in Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis.

#### **Bids by Mutual Funds**

As per the SEBI (ICDR) Regulations, 5% of the QIB Portion is reserved for allocation to Mutual Funds, on a proportionate basis. An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

Asset management companies or custodians of mutual funds shall specifically state the names of the concerned scheme for which Bids are being made.

**In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.**

**No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.**

#### **Bids by Eligible NRIs**

1. Bid cum Application Forms have been made available for Eligible NRIs applying on a repatriation basis at the Registered Office of the Company, with the Syndicate and the Registrar to the Issue.
2. Eligible NRI applicants should note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts should use the form meant for Resident Indians.
3. Bids by Eligible NRIs for a Bid Amount of up to ₹ 200,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹ 200,000 would be considered under Non-Institutional Portion for the purposes of allocation.

#### **Bids by FIIs**

*As per the current regulations, the following restrictions are applicable for investments by FIIs:*

The issue of Equity Shares to a single FII should not exceed 10% of the total paid up capital. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of the total issued capital in case such sub-account is a foreign corporate or an individual. In accordance with the foreign investment limits applicable to the Company, the total foreign investment including FII investment cannot exceed 24% of the total issued capital unless approved by the shareholders of the Company.

With the approval of the board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended (the “SEBI FII Regulations”), an FII, as defined in the SEBI FII Regulations may issue, deal or hold, off shore derivative instruments (defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by an FII against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms. Sub-accounts of FIIs are not allowed to issue offshore derivative instruments. An FII is also required to ensure that no further issue or transfer of any offshore derivative instrument issued by it is made to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the underwriters including the BRLM and the Syndicate Members that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue. Any such offshore derivative instrument does not constitute any obligation or claim or claim on or an interest in the Company.

#### **Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Funds**

The SEBI (Venture Capital Funds) Regulations, 1996 and SEBI (Foreign Venture Capital Investor) Regulations, 2000 *inter alia* prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI.

Accordingly, the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund. Further, Venture Capital Funds can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

#### **Bids by provident funds/ pension funds**

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹2500 lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, the Company reserves the right to reject any Bid, without assigning any reason thereof.

#### **Bids by insurance companies**

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form or the ASBA Form. Failing this, the Company reserves the right to reject any Bid without assigning any reason thereof.

*The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. The Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. The Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.*

#### **Bids by ASBA Investor**

For ASBA process, please refer “ASBA Process” beginning on page 206 in the Draft Red Herring Prospectus.

#### **Maximum and Minimum Bid Size**

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed ₹ 200,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed ₹ 200,000. In case the Bid Amount is over ₹ 200,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off Price option, the Bid would be considered for allocation under the Non-Institutional Portion. The Cut-off Price option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- (b) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds ₹ 200,000 and in multiples of [•] Equity Shares thereafter. A Bid cannot be submitted for more than the Issue Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. A QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the full Bid Amount upon submission of the Bid. As the Bid/Issue Period for QIBs shall close one day prior to the Bid/Issue Closing Date, QIBs are not allowed to withdraw their Bids after [•], i.e., one Working Day prior to the Bid/Issue Closing Date.

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than ₹ 200,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to ₹ 200,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at ‘Cut-off Price’.

The maximum and minimum Bid size applicable to a QIB Bidder, Retail Bidder or a Non-Institutional Bidder shall be applicable to an ASBA Bidder in accordance with the category that such ASBA Bidder falls under.

#### **Information for the Bidders:**

- (a) The Company, the BRLM shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date in the Red Herring Prospectus to be registered with the RoC and also publish the same in two national newspapers (one each in English and Hindi) and in one Telugu newspaper with wide circulation. This advertisement shall be in the prescribed format. The Company may not disclose the floor price or price band in the Red Herring Prospectus if the same is disclosed at

least two Business Days before the opening of the bid, by way of an announcement in all the newspapers in which the pre-issue advertisement was released by the Company or the BRLM. This announcement shall contain relevant financial ratios computed for both upper and lower end of the price band.

(b) The Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.

(c) Copies of the Bid cum Application Form and copies of the Red Herring Prospectus will be available with the Syndicate. The SCSBs shall ensure that the abridged prospectus is made available on their websites.

(d) Any Bidder (who is eligible to invest in the Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from the Registered Office or from the members of the Syndicate or the SCSBs.

(e) Eligible Bidders who are interested in subscribing for the Equity Shares should approach the BRLM or Syndicate Members or their authorised agent(s) to register their Bids. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.

(f) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms (other than the ASBA Bid cum Application Forms) should bear the stamp of the Syndicate, otherwise they will be rejected. Bids by ASBA Bidders shall be accepted by the Designated Branches of the SCSBs or by members of Syndicate in accordance with the SEBI (ICDR) Regulations and any circulars issued by SEBI in this regard. Bids by ASBA Bidders shall be accepted by the Designated Branches of the SCSBs or the members of the Syndicate or sub Syndicate in accordance with the SEBI (ICDR) Regulations and any circulars issued by SEBI in this regard.

(g) The Bids should be submitted on the prescribed Bid cum Application Form only. Bids by ASBA Bidders will be accepted by the SCSBs in accordance with the SEBI (ICDR) Regulations and any other circulars issued by SEBI in this regard. Bid cum Application Forms should bear the stamp of the members of the Syndicate or Designated Branch. ASBA Bid cum Application Forms (except electronic ASBA Bid cum Application Forms) which do not bear the stamp of a member of the Syndicate or the Designated Branch are liable to be rejected.

**The applicants may note that in case the DP ID and Client ID and PAN mentioned in the Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate do not match with the DP ID and Client ID and PAN available in the Depository database, the application is liable to be rejected.**

The Syndicate (in accordance with the terms of the Syndicate Agreement) and the Designated Branches will accept Bids during the Bidding Period in accordance with the terms of the Red Herring Prospectus. Eligible Bidders interested in Bidding for the Equity Shares may approach any member of the Syndicate or their authorized agent(s) to register their Bids. Eligible Bidders may also approach the Designated Branches to register their Bids through the ASBA process.

#### **Method and Process of Bidding**

(a) The Company in consultation with the BRLM will decide the Price Band and the minimum Bid lot size for the Issue and the same shall be advertised in one English, Hindi and regional language where the Registered Office of the Company is located, at least two Working Days prior to the Bid/ Issue Opening Date. The Syndicate and the SCSBs shall accept Bids from the Bidders during the Bid/Issue Period.

(b) The Bid/Issue Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. The Bid/ Issue Period may be extended, if required, by an additional three Working Days, subject to the total Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be published in two national newspapers (one each in English and Hindi) and one Telugu newspaper with wide circulation and also by indicating the change on the websites of the BRLM and at the terminals of the Syndicate.

(c) During the Bid/Issue Period, Bidders, other than QIBs, who are interested in subscribing for the Equity Shares should approach the Syndicate or their authorised agents to register their Bids. The Syndicate shall accept Bids from all Bidders and have the right to vet the Bids during the Bid/ Issue Period in accordance with the terms of the Red Herring Prospectus. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.

(d) Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices (for details refer to the paragraph entitled “Bids at Different Price Levels” below) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.

(e) The Bidder cannot Bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate or the SCSBs. Submission of a second Bid cum Application Form or ASBA Bid cum Application Form to either the same or to another member of the Syndicate or SCBS will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph entitled “Build up of the Book and Revision of Bids”.

(f) the Syndicate/the SCSBs will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, (“TRS”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

(g) Along with the Bid cum Application Form, all Bidders (other than ASBA Bidders) will make payment in the manner described in the section titled “Issue Procedure - Escrow Mechanism, terms of payment and payment into the Escrow Accounts” on page 224 of this Draft Red Herring Prospectus.

(h) Members of the Syndicate or the sub Syndicate may procure ASBA Bid cum Application Forms from ASBA Bidders and submit it to the SCSBs. The Syndicate or sub Syndicate Members who acquire such ASBA Bid cum Application Forms will upload the Bids and other relevant details of such ASBA Bid cum Application Form in the bidding platform provided by the Stock Exchanges. The SCSBs shall carry out further action for such ASBA Bid cum Application Form such as signature verification, blocking of funds etc and forwarding of such ASBA Bid cum Form to the Registrar.

(i) Upon receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.

(j) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.

(k) If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.

(l) The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid cum Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Bidders to the Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

#### **Bids at Different Price Levels and Revision of Bids**

The Bidders can Bid at any price within the Price Band, in multiples of `1. The Price Band and the minimum Bid Lot Size for the Issue shall be decided by our Company, in consultation with the BRLMs, and advertised in three daily newspapers (one in English, one in Hindi, and in one Telugu daily newspaper, with wide circulation) at least two Working Days prior to the Bid/ Issue Opening Date.

1. In accordance with SEBI (ICDR) Regulations, the Company, in consultation with the BRLM, reserves the right to revise the Price Band during the Bid/Issue Period, provided the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the floor price disclosed at least two days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.
2. The Company in consultation with the BRLM can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
3. Bidders can bid at any price within the Price Band. Bidders have to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding ₹ 2,00,000 may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIBs and Non-Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected.
4. Retail Individual Bidders who Bid at the Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price in the respective Escrow Accounts. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut-off Price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the respective Escrow Accounts/refund account(s). In case of ASBA Bidder bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block amount based on the Cap Price.
5. Bids received from various Bidders through the Syndicate and the SCSBs shall be electronically uploaded to the Stock Exchanges' mainframe on a regular basis.

6. The Book gets built up at various price levels. This information will be available with the BRLM at the end of the Bid/Issue Period.
7. During the Bid/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
8. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-Off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band, with the members of the Syndicate or the SCSBs to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds ₹ 2,00,000, the Bid will be considered for allocation under the Non Institutional category in terms of this Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off.
9. In case of a downward revision in the Price Band, Retail Individual Bidders who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the respective Escrow Accounts/refund account(s) or unblocked by the SCSBs, as applicable.
10. The Company, in consultation with the BRLM, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 5,000 to ₹ 7,000. In the event of revision in the price band, whether upward or downward, the minimum bid size will remain [●] equity shares irrespective of whether the Bid amount payable on such minimum bid is in the range of Rs.5000 to Rs.7000.
11. Revisions may be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from indicating the revised options in the Revision Form, the Bidder must also provide the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and such Bidder is changing only one of the options in the Revision Form, he or she must still fill the details of the other two options that are not being revised, in the Revision Form. The Syndicate and the SCSBs will not accept incomplete or inaccurate Revision Forms.
12. A Bidder may make this revision any number of times during the Bidding Period. However, for any revisions in the Bid, Bidders will have to use the services of the same member of the Syndicate or Designated Branch through which such Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
13. Any revision of the Bid will be accompanied by payment in the form of cheque or bank draft for any incremental amount to be paid on account of the upward revision of the Bid, or in case of ASBA Bidders, by an instruction to the SCSB to block the amount equal to the revised Bid Amount in the relevant ASBA Account. In such cases, the members of the Syndicate will revise the earlier Bid details with the revised Bid details and provide the cheque or bank draft number of the new payment instrument in the electronic book. The Registrar to the Issue will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.
14. When a Bidder revises the Bid, the earlier TRS should be surrendered and a revised TRS may be obtained on request. It is the Bidder's responsibility to obtain a revised TRS, which will act as proof of revision of the previous Bid.

15. The Company in consultation with the BRLM may finalize the Issue Price in accordance with this section, without the prior approval of or intimation to the Bidders.

**Escrow mechanism, terms of payment and payment into the Escrow Accounts**

For details of the escrow mechanism and payment instructions, please see “Issue Procedure - Payment Instructions” on page 224 of this Draft Red Herring Prospectus.

**Electronic Registration of Bids**

(a) The members of the Syndicate and the Designated Branches of the SCSBs will register the Bids using the on-line facilities of the Stock Exchanges.

(b) The Syndicate and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Bid/Issue Closing Date to amend some of the data fields (currently DP ID, Client ID) entered by them in the electronic bidding system. Bidders are cautioned that a high inflow of Bids typically experienced on the last Working Day of the Bidding may lead to some Bids received on the last Working Day not being uploaded due to lack of sufficient uploading time, and such Bids that could not be uploaded will not be considered for allocation. Bids will only be accepted on Working Days.

(c) There will be at least one on-line connectivity facility in each city, where a stock exchange is located in India and where Bids are being accepted. The BRLM, the Company and the Registrar to the Issue, are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the Syndicate Members and the SCSBs, (ii) the Bids uploaded by the Syndicate Members and the SCSBs, (iii) the Bids accepted but not uploaded by the Syndicate Members and the SCSBs or (iv) with respect to ASBA Bids, Bids accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.

(d) The Stock Exchanges will offer an electronic facility for registering Bids for the Issue. This facility will be available with the Syndicate and their authorised agents and the SCSBs during the Bid/ Issue Period. The Syndicate Members and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis. On the Bid/ Issue Closing Date, the Syndicate and the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLM on a regular basis.

(e) Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges would be made available at the bidding centres during the Bid/Issue Period.

(f) At the time of registering each Bid other than ASBA Bids, the members of the Syndicate shall enter the following details of the Bidders in the electronic system:

- Name of the Bidder: Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

- Investor Category - Individual, Corporate, FII, NRI, Mutual Fund, etc.
- Numbers of Equity Shares Bid for.

- Price option.
- Cheque amount.
- Cheque number.
- Bid cum Application Form number.
- DP ID and client identification number of the beneficiary account of the Bidder.
- PAN except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts

With respect to ASBA Bids, at the time of registering each Bid, the Designated Branches of the SCSBs shall enter the following information pertaining to the Bidder into the online system:

- Name of the Bidder(s);
- Application Number;
- PAN (of First Bidder, in case of more than one Bidder);
- Investor Category and Sub-Category:

Retail	Non- Institutional	QIB
Individual	-Individual	-Mutual Funds
HUF (in the name of Karta)	-Corporate	-Financial Institutions
	-Other	-Insurance companies
		-Foreign Institutional Investors other than corporate and individuals
		-Sub-accounts
		-Others

- Employee/shareholder (if reservation)
- Demat ID
- Beneficiary Account Number
- Quantity
- Price
- Bank Account Number

(g) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the Syndicate or the Designated Branches of the SCSBs.** The registration of the Bid by the member of the Syndicate or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated/Allotted either by the Syndicate, or the Company.

(h) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(i) In case of QIB Bidders, only the BRLM and their affiliate Syndicate Members have the right to accept the Bid or reject it. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids will be rejected on technical grounds listed on page 228 of this Draft Red Herring Prospectus. The members of the Syndicate may also reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect. The SCSBs shall have no right to reject Bids, except on technical grounds.

(j) The permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company, and/or the BRLM are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, the Promoters,

the management or any scheme or project of the Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

(k) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. Members of the Syndicate will be given up to one day after the Bid/Issue Closing Date to verify DP ID and Client ID uploaded in the online IPO system during the Bid/Issue Period after which the Registrar to the Issue will receive this data from the Stock Exchanges and will validate the electronic bid details with depositories records.

#### **Price Discovery and Allocation**

After the Bid/Issue Closing Date, the BRLM will analyze the demand generated at various price levels and discuss pricing strategy with the Company. The Company, in consultation with BRLM, shall finalise the Issue Price, the number of Equity Shares to be allotted and the allocation to successful Bidders.

(a) Not more than 50% of the Issue (including 5% specifically reserved for Mutual Funds) would be available for allocation on a proportionate basis after consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

(b) Not less than 15% and 35% of the Issue, would be available for allocation on a proportionate basis to Non- Institutional Bidders and Retail Individual Bidders, respectively, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

(c) Under-subscription, if any, in any category would be allowed to be met with spill over from any of the other categories at the discretion of the Company in consultation with the BRLM. However, if the aggregate demand by Mutual Funds is less than [•] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has not been met, under-subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of the Company, in consultation with the BRLM.

(d) Allocation to Eligible NRIs or FIIs or Foreign Venture Capital Fund registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on repatriation basis will be subject to the terms and conditions stipulated by RBI.

(e) The Company reserves the right to cancel the Issue any time after the Bid/Issue Closing Date but before Allotment without assigning any reasons whatsoever.

(f) In terms of SEBI (ICDR) Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/ Issue Closing Date.

(g) The Basis of Allotment details shall be put up on the website of the Registrar to the Issue.

(h) An oversubscription to the extent of 10% of this Issue can be retained for the purpose of rounding off and making allotments in minimum lots, while finalising basis of allotment.

#### **Signing of the Underwriting Agreement and the RoC Filing**

(a) The Company, the BRLM and the Syndicate Member shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s) to the Bidders.

(b) After signing the Underwriting Agreement, the Company and the Book Running Lead Manager would update and file the updated Red Herring Prospectus with RoC, which then would be termed the “Prospectus”. The Prospectus will contain details of the Issue Price, Issue Size, underwriting arrangements and will be complete in all material respects.

#### **DRHP filing announcement**

The Company, either on the date of filing the Draft Red Herring Prospectus with SEBI or on the next day shall make a public announcement in one English national daily newspaper with wide circulation, one Hindi national daily newspaper with wide circulation and one regional newspaper with wide circulation at Hyderabad, disclosing to the public the fact of filing of the Draft Red Herring Prospectus, with SEBI and inviting the public to give their comments to SEBI in respect of disclosures made in the Draft Red Herring Prospectus.

#### **Pre-Issue advertisement**

Subject to Section 66 of the Companies Act, the Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI (ICDR) Regulations, in one English language national daily newspaper, one Hindi language national daily newspaper and one Telugu language daily newspaper, each with wide circulation.

#### **Price Band Advertisements**

The Company will announce the floor price or the price band at least one working day before the opening of the Issue in all newspapers in which the pre- Issue advertisement will be released. Such announcement will also contain relevant financial ratios computed for both the upper and lower ends of the price band and a statement drawing attention of investors to the section titled “Basis for Issue Price” in the Red Herring Prospectus.

#### **Advertisement regarding Issue Price and Prospectus**

The Company will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

#### **Issuance of Confirmation of Allocation Note (“CAN”)**

- (a) Upon approval of basis of allocation by the Designated Stock Exchange and on allotment by the Board of Directors of the Company, the Registrar to the Issue shall send to the members of the Syndicate a list of their successful Bidders who have been allocated Equity Shares in the Issue.
- (b) The Registrar to the Issue will then dispatch the CAN to the Bidders who have been allocated Equity Shares in the Issue.

#### **With respect to ASBA Bidders.**

1. Upon approval of the “Basis of Allocation” by the Designated Stock Exchange, the Registrar to the Issue shall send a list of the ASBA Bidders who have been allocated Equity Shares in the Issue to the Controlling Branches along with:

- (i) The number of Equity Shares to be allotted against each successful ASBA Form;
- (ii) The amount to be transferred from the ASBA Account to the Public Issue Account, for each successful ASBA Form;

- (iii) The date by which the funds referred to in sub-para (ii) above, shall be transferred to the Public Issue Account; and
- (iv) The details of rejected ASBA Forms, if any, along with reasons for rejection and details of withdrawn (except in case of QIB bidding through an ASBA Form) or unsuccessful ASBA Forms, if any, to enable SCSBs to unblock the respective ASBA Accounts. ASBA Bidders should note that the Company shall ensure that the instructions by the Company for demat credit of the Equity Shares to all investors in this Issue shall be given on the same date; and

2. The ASBA Bidders shall directly receive the CANs from the Registrar to the Issue. The dispatch of a CAN to an ASBA Bidder shall be deemed a valid, binding and irrevocable contract with the ASBA Bidder.

#### **Designated Date and Allotment of Equity Shares**

1. The Company will ensure that (i) Allotment of Equity Shares; and (ii) credit to the successful Bidder's depository account will be completed within 12 (twelve) Working Days of the Bid/Issue Closing Date.
2. As per SEBI (ICDR) Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, in the manner stated in the Depositories Act.

**Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.**

#### **GENERAL INSTRUCTIONS**

##### **Do's:**

- (i) Check if you are eligible to Bid as per the terms of the Red Herring Prospectus and under applicable law;
- (ii) Ensure that you have Bid within the Price Band;
- (iii) Read all the instructions carefully and complete the Bid cum Application Form, in the prescribed form;
- (iv) Except for Bids (i) on behalf of the Central or State Government and officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Bidders should provide their PAN. Bid cum Application Forms in which the PAN is not provided will be rejected;
- (v) Ensure that the PAN, DP ID and BAN provided in the Bid cum Application Form are correct, and the beneficiary account is activated, as Allotment of Equity Shares will be in dematerialized form only;
- (vi) Ensure that the Demographic Details (as defined below) are updated, true and correct in all respects;
- (vii) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. If the Bid cum Application Form is submitted in joint names, Bidders must ensure that the beneficiary account is also held in the same joint names in the same sequence in which they appear in the Bid cum Application Form;
- (viii) Ensure that the Bids are submitted at the Bidding centres only on Bid cum Application Forms bearing the stamp of a member of the Syndicate or the SCSB in case of ASBA Bidders (except in case of electronic ASBA Bid cum Application Forms);
- (ix) With respect to ASBA Bidders Bidding on physical Bid cum Application Forms, ensure that your Bid is submitted at a Designated Branch of the SCSB where the relevant ASBA Account is

held. Further, ensure that the ASBA Bid cum Application Form is also signed by the ASBA account holder if the Bidder is not the ASBA account holder;

(x) In case of Bids submitted through the ASBA process, ensure that funds equal to the Bid Amounts are available for being blocked by the SCSBs in the relevant ASBA Accounts;

(xi) In case of Bids submitted through the ASBA process, instruct the relevant SCSBs not to release the funds blocked in the ASBA Account in respect of the relevant Bid Amounts until receipt of instructions from the Registrar to the Issue to unlock the Bid Amount, based on finalization of the Basis of Allotment;

(xii) Ensure that you obtain a Transaction Registration Slip ("TRS") or acknowledgement for the submission of your Bid; and

(xiii) Submit revised Bids to the same member of the Syndicate or Designated Branch of the SCSB through whom the original Bid was placed and obtain a revised TRS or acknowledgment.

*Don'ts:*

- (i) Do not Bid if you are prohibited from buying, selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority;
- (ii) Do not Bid if you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise, or if you are not competent to contract under the Indian Contract Act, 1872, as amended;
- (iii) Do not Bid if your Bid will not comply with the securities laws of your respective jurisdictions, or if you are a U.S. resident or U.S. person other than "Qualified Institutional Buyers" as defined in Rule 144A or if you are bidding other than in reliance on Regulation S;
- (iv) Do not bid after the time prescribed as per the Bid cum Application Form, Bid Opening Date advertisement and the Red Herring Prospectus and if the Bid is not as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;
- (v) Do not submit your Bids on plain paper;
- (vi) Do not forget to tick the Bidder category on the Bid cum Application Form;
- (vii) In case of ASBA Bids, do not forget to tick the authorization to the SCSB to block funds in the ASBA Account;
- (viii) Do not bid on Bid cum Application Form not having the stamp of a member of the Syndicate or a Designated Branch (except for electronic ASBA Bids);
- (ix) With respect to ASBA Bids, do not bid if there are inadequate funds in the ASBA Account for enabling the SCSB to block the Bid Amount specified in the ASBA Bid cum Application Form;
- (x) Do not Bids under power of attorney or if you are a limited company, corporate, trust, etc., unless the Bid is supported with relevant documents;
- (xi) Do not forget to mention the sole or first Bidder's PAN (except for Bids on behalf of the Central or State Government, residents of Sikkim and officials appointed by the courts), DP ID and BAN in the Bid cum Application Form and do not fill incomplete or incorrect details in the Bid cum Application Form;
- (xii) Do not forget to sign the Bid cum Application Form. In case of joint Bidders, do not forget to sign the Bid cum Application Form in the same sequence as the names of the joint bidders appear in the depository's records. In addition, with respect to ASBA Bids, do not forget to get the Bid cum Application Form signed by the ASBA Account holder, if the ASBA Account holder is different from the Bidder;
- (xiii) Do not Bid for lower than the minimum Bid size;
- (xiv) Do not submit a Bid without payment of the entire Bid Amount;
- (xv) Do not Bid/revise the Bid to less than the Floor Price or higher than the Cap Price;
- (xvi) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate or the Designated Branch;
- (xvii) Do not pay the Bid Amount in cash, by money order or by postal order or by stock-invest and in relation to ABSA Bidders in any other mode other than amounts blocked in the ASBA Accounts;
- (xviii) Do not send Bid cum Application Forms by post; instead submit the Bid cum Application Forms to a member of the Syndicate or Designated Branch, as applicable;
- (xix) Do not Bid at the Cut-off Price (for QIB Bidders and Non-Institutional Bidders);

- (xx) Do not fill the Bid cum Application Form such that the Equity Shares Bid for exceed the Issue size and/or investment limit or maximum number of Equity Shares that can be held under applicable law or the maximum amount permissible under applicable regulations;
- (xxi) Do not submit more than five ASBA Bid cum Application Forms per ASBA Account;
- (xxii) Do not Bid for amount exceeding ₹ 200,000 in case of a Bid by Retail Bidders Portion;
- (xxiii) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.
- (xxiv) Do not submit incorrect details of the PAN, DP ID or BAN, or provide details for a beneficiary account which is suspended or for which details cannot be verified

#### **INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM**

Bids must be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected. Bidders should note that the Syndicate and / or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms.
- (c) Information provided by the Bidders will be uploaded in the online IPO system by the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make allocation/ Allotment. The Bidders should ensure that the details are correct and legible.
- (d) For Retail Individual Bidders, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum Bid Amount of ₹ 200,000.
- (e) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to ₹ 200,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.
- (f) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (g) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
- (h) If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should also be signed by the account holder as provided in the ASBA Bid cum Application Form.

#### **Bidder's Demographic Details**

Bidders should note that on the basis of PAN of the Sole/First Bidder, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including category, age, address, Bidders bank account details, MICR code and occupation (hereinafter referred to as "Demographic Details"). These Bank Account details would be used for giving refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) to the Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so

could result in delays in despatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLM or the Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

**IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.**

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/allocation advice and printing of bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue. By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

**Refund orders/ CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder (other than ASBA Bidders) in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at such Bidder's sole risk and neither the Company, the Escrow Collection Banks, Registrar to the Issue, the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.**

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, PAN of the sole/First Bidder, the DP ID and the beneficiary's identity, then such Bids are liable to be rejected.

#### **Bids under Power of Attorney**

In case of Bids (including ASBA Bids) made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with minimum corpus of ₹ 2500 lakhs (subject to applicable law) and pension funds with a minimum corpus of ₹ 2500 lakhs a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- (a) With respect to Bids by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.
- (b) With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of

registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form.

(c) With respect to Bids made by provident funds with a minimum corpus of ₹ 2500 lakhs (subject to applicable law) and pension funds with a minimum corpus of ₹ 2500 lakhs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. The Company, in its absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that the Company and the BRLM may deem fit. The Company in its absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

**Bids by Non-Residents including Eligible NRIs, FIIs and Foreign Venture Capital Funds on a repatriation basis**

**Bids and revision to Bids must be made in the following manner:**

1. On the Bid cum Application Form or the Revision Form, as applicable (Blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three and in the same order as their Depository Participant Details).
3. Bids on a repatriation basis shall be in the names of individuals, or in the name of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees. Bids by Eligible NRIs for a Bid Amount of up to ₹ 200,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹ 200,000 would be considered under Non-Institutional Portion for the purposes of allocation.

**Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of Bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.**

**There is no reservation for Eligible NRIs and FIIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.**

**PAYMENT INSTRUCTIONS**

**Escrow Mechanism for Bidders other than ASBA Bidders**

The Company and the BRLM shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and an Escrow

Agreement to be entered into amongst the Company, the BRLM, Escrow Bankers and Registrar to the Issue. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account to the Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Draft Red Herring Prospectus. The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), the Company, Registrar to the Issue and BRLM to facilitate collection from the Bidders.

#### **Payment mechanism for ASBA Bidders**

The ASBA Bidders shall specify the bank account number in the ASBA Bid Cum Application Form and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA Bid Cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/ rejection of the ASBA Bid or receipt of instructions from the Registrar to unblock the Bid Amount. In the event of withdrawal or rejection of ASBA Bid Cum Application Form or for unsuccessful ASBA Bid Cum Application Forms, the Registrar shall give instructions to the SCSB to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the ASBA Bid, as the case may be.

#### **Payment into Escrow Account for Bidders other than ASBA Bidders**

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid Amount as per the following terms:

1. QIB, Non-Institutional Bidders and Retail Individual Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.
2. The payment instruments for payment into the Escrow Account should be drawn in favour of:
  - a. In case of QIBs: "Escrow Account - VPL Public Issue - QIB - R";
  - b. In case of non-resident QIB Bidders: "Escrow Account - VPL Public Issue - QIB - NR";
  - c. In case of Resident Retail and Non Institutional Bidders: "Escrow Account - VPL - Public Issue - R";
  - d. In case of Non Resident Retail and Non Institutional Bidders: "Escrow Account - VPL - Public Issue - NR";
4. In case of bids by NRIs applying on a repatriation basis, the payments must be made through Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in the Non-Resident External (NRE) Accounts or the Foreign Currency Non-Resident Accounts (FCNR), maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO). Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to the NRE Account or the Foreign Currency Non- Resident Account.

5. In case of Bids by NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.

6. In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.

7. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Accounts.

8. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.

9. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Banker to the Issue.

10. No later than 12 working days from the Bid/Issue Closing Date, the Refund Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Successful Bidders. Payments should be made by cheque, or a demand draft drawn on any bank (including a Co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stock invest/money orders/ postal orders will not be accepted.

**Payment by Stock-invest** In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.001/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of bid money has been withdrawn. Hence, payment through stock-invest would not be accepted in this Issue. No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

**Payment by cash/ / money order** Payment through cash/ / money order shall not be accepted in this Issue.

**Submission of Bid cum Application Form** All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the

Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

An ASBA investor shall submit an ASBA physically or electronically through the internet banking facility, to the SCSB with whom the bank account is to be blocked, is maintained. For further details pertaining to ASBA process, please refer “ASBA Process” on page 206 in the Draft Red Herring Prospectus.

#### **Other Instructions**

##### *Joint Bids in the case of Individuals*

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form (“First Bidder”). All communications will be addressed to the First Bidder and will be dispatched to his or her address.

##### *Multiple Bids*

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

After submitting a bid using an ASBA Bid cum Application Form either in physical or electronic mode, where such ASBA Bid has been submitted to the SCSBs and uploaded with the Stock Exchanges, an ASBA Bidder cannot Bid, either in physical or electronic mode, whether on another ASBA Bid cum Application Form, to either the same or another Designated Branch of the SCSB, or on a non-ASBA Bid cum Application Form. Submission of a second Bid in such manner will be deemed a multiple Bid and would be rejected either before entering the Bid into the electronic Bidding system or at any point of time prior to the allocation or Allotment of the Equity Shares in the Issue. However, ASBA Bidders may revise their Bids through the Revision Form, the procedure for which is described in “Bids and revision to Bids” on page 224 of this Draft Red Herring Prospectus.

More than one ASBA Bidder may Bid for Equity Shares using the same ASBA Account, provided that the SCSBs will not accept a total of more than five ASBA Bid cum Application Forms with respect to any single ASBA Account.

Duplicate copies of ASBA Bid cum Application Forms downloaded and printed from the website of the Stock Exchanges bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

The Company, in consultation with the BRLMs, reserves the right to reject, in its absolute discretion, all or all except one of such multiple Bids in any or all categories. The procedures which would be followed by the Registrar to detect multiple:

1. All Bids will be checked for common PAN as per the records of Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN will be treated as multiple Bids and will be rejected.

2. The Bids from Mutual Funds and FII sub-accounts, which were submitted under the same PAN, as well as Bids on behalf of the Central or State Government, an official liquidator or receiver appointed by a court and residents of Sikkim, for whom the submission of PAN is not mandatory, the Bids were scrutinised for DP ID and Beneficiary Account Numbers. In case such Bids bear the same DP ID and Beneficiary Account Numbers, these were treated as multiple Bids and were rejected.

#### **Permanent Account Number or PAN**

The Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground. This requirement is not applicable to Bids received on behalf of the Central and State Governments, from residents of the state of Sikkim and from officials appointed by the courts.**

#### **Right to Reject Bids**

In case of QIB Bidders, the Company, in consultation with the BRLM may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders who Bid, the Company has a right to reject Bids on technical grounds. Consequent refunds shall be made by RTGS/NEFT/NES/Direct Credit / cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk. With respect to ASBA Bids, the Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, the Company would have a right to reject the ASBA Bids only on technical grounds.

#### *Grounds for Technical Rejections*

Bidders should note that incomplete Bid cum Application forms and ASBA Bid cum Application Forms will be rejected by the members of the Syndicate or the SCSBs. Bidders are also advised to note that Bids are liable to be rejected inter-alia on the following technical grounds:

- 1 Amount paid doesn't tally with the highest number of Equity Shares Bid for. With respect to ASBA Bids, the amounts mentioned in the ASBA BCAF does not tally with the amount payable for the value of the Equity Shares Bid for;
- 2 In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- 3 Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons;
- 4 PAN number not stated and GIR number given instead of PAN number, except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
- 5 Bids by persons who are not eligible to acquire Equity Shares in terms of any rules, regulations and guidelines.
- 6 Bids or revisions thereof by QIB Bidders by non-institutional Bidders uploaded after 4:00pm on the Bids / Offer Closing prices.
- 7 Bids for lower number of Equity Shares than specified for that category of investors;

- 8 Bids at a price less than lower end of the Price Band;
- 9 Bids at a price more than the higher end of the Price Band;
- 10 Bids at cut-off price by Non-Institutional and QIB Bidders;
- 11 Bids for number of Equity Shares which are not in multiples of [●];
- 12 Category not ticked;
- 13 Multiple bids as defined in this Draft Red Herring Prospectus;
- 14 In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- 15 Bids accompanied by Stock invest/ money order/postal order/cash;
- 16 Signature of sole and / or joint bidders missing. With respect to ASBA Bids, the Bid cum Application form not being signed by the account holders, if the account holder is different from the Bidder;
- 17 Bid cum Application Form does not have the stamp of the BRLM or Syndicate Member;
- 18 ASBA Bid cum Application Form does not have the stamp of the SCSB;
- 19 Bids by QIBs not submitted through the BRLM or its affiliates or in case of ASBA Bids for QIBs, not intimated to the BRLM;
- 20 Bid cum Application Form does not have Bidder's depository account details;
- 21 In case no corresponding record is available with the Depository that matches three parameters: PAN of the sole name of the Bidder, Depository Participant's identity (DP ID) and beneficiary's account number;
- 22 Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Form;
- 23 With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the ASBA BCAF at the time of blocking such Bid Amount in the bank account;
- 24 Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. For further details, please refer to the paragraph titled "Issue Procedure - Maximum and Minimum Bid Size" beginning on page 211 of this Draft Red Herring Prospectus;
- 25 Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- 26 Bids by U.S. Persons (as defined in Regulation S) other than entities in the United States (as defined in Regulation S) that are "qualified institutional buyers" as defined in Rule 144A of the U.S. Securities Act;

27 Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;

28 Bids not uploaded on the terminals of the Stock Exchanges;

29 Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

30 Bids by OCBs;

31 In case the DP ID, client ID and PAN mentioned in the Bid Cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the members of the Syndicate do not match with the DP ID, client ID and PAN available in the records with the depositaries.

32 Non-submissions bank account details in the space provided in the application form.

33 Age of the First /Sole Bidder not given; and

34 Application on plain paper.

35 Submission of more than five ASBA Bid cum Application Forms per bank account;

#### **EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL**

**As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).**

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

- Agreement dated January 18, 2011 between NSDL, the Company and the Registrar to the Issue;
- Agreement dated January 12 2011, between CDSL, the Company and the Registrar to the Issue.

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- (a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- (b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.
- (c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- (d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

(e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.

(f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

(g) Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

(h) The trading of the Equity Shares of the Company would be in dematerialised form only for all Bidders in the demat segment of the respective Stock Exchanges.

### **Communications**

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, number of Equity Shares applied for, date, bank and branch where the Bid was submitted and cheque, number and issuing bank thereof.

**Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted Equity Shares in the respective beneficiary accounts, refund orders etc.**

ASBA Bidders may address all grievances relating to the ASBA process to the Registrar to the Issue, with a copy to the relevant SCSB, giving full details such as name and address of the applicant, the number of Equity Shares applied for, the Bid Amount blocked on application, bank account number and the Designated Branch or the collection center of the SCSB where the ASBA Bid-cum-Application Form was submitted by the ASBA Bidder.

The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or willful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held. The Company, the BRLM, the Syndicate Members and the Registrar accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI (ICDR) Regulations.

### **PAYMENT OF REFUND**

Bidders other than ASBA Bidders must note that on the basis of the names of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither the Company, the Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue nor the BRLM shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In the case of Bids from Eligible NRIs and FIIs, refunds, if any, will generally be payable in Indian Rupees only and net of bank charges and/or commission. If so desired, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and

will be dispatched by registered post. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

*Mode of making refunds for Bidders other than ASBA Bidders*

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through various modes in the following modes:

**NECS** - Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility has been made available by RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories.

**Direct Credit** - Applicants having bank accounts with the Refund Bank(s), shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.

**RTGS** - Applicants having a bank account at any of the centres where such facility is available and whose refund amount exceeds ₹ 200,000 will be considered to receive refund through RTGS. For such eligible applicants, IFSC code will be derived based on MICR code of the Bidder as per depository records. In the event the same is not available as per depository's records, refund shall be made through NECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

**NEFT** - Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. The process flow in respect of refunds by way of NEFT is at an evolving stage, hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed above.

For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value upto ₹ 1,500 and through Speed Post/ Registered Post for refund orders of ₹ 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Bank(s) and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

*Mode of making refunds for ASBA Bidders*

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids or in the event of withdrawal or failure of the Issue.

**Interest on refund of excess Bid Amount**

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders /instruction to Self Certified Syndicate Banks by the Registrar are not dispatched within 15 Working Days from the Bid/Issue Closing Date.

#### **DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY**

With respect to Bidders other than ASBA Bidders, the Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two Working Days from the date of Allotment of Equity Shares.

In case of applicants who receive refunds through NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 12 Working Days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 12 Working Days of Bid Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within 12 Working Days of the Bid/Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI (ICDR) Regulations, the Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form within 12 Working Days of the Bid/Issue Closing Date;
- With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 Working Days of the Bid/Issue Closing Date would be ensured. With respect to the ASBA Bidders, instructions for unblocking of the ASBA Bidder's Bank Account shall be made within 12 Working Days from the Bid/Issue Closing Date; and
- The Company shall pay interest at 15% per annum for any delay beyond the 15 days or 12 Working Days from the Bid/Issue Closing Date, whichever is later, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 12 Working Days prescribed above. If such money is not repaid within eight days from the day the Company becomes liable to repay, the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under the applicable law.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

#### **IMPERSONATION**

**Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:**

*"Any person who:*

*(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*

*(b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,*

*shall be punishable with imprisonment for a term which may extend to five years".*

#### **Basis of Allotment or Allocation**

##### **For Retail Individual Bidders**

1 Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the successful Retail Individual Bidders will be made at the Issue Price.

2 The Issue less allotment to Non-Institutional and QIB Bidders shall be available for allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

3 If the aggregate demand in this category is less than or equal to [•] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

4 If the aggregate demand in this category is greater than [•] Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis not more than [•] Equity Shares. For the method of proportionate basis of allotment, refer below.

##### **For Non-Institutional Bidders**

1 Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

2 The Issue Size less allotment to QIBs and Retail Portion shall be available for allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

3 If the aggregate demand in this category is less than or equal to [•] Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their demand.

4 In case the aggregate demand in this category is greater than [•] Equity Shares at or above the Issue Price, allotment shall be made on a proportionate basis not less than [•] Equity Shares. For the method of proportionate basis of allotment refer below.

### **For Qualified Institutional Bidders**

1 Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.

2 The QIB Portion shall be available for allotment to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

3 Allotment shall be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:

(i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.

(ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.

(iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for allotment to all QIB Bidders as set out in (b) below;

(b) In the second instance Allotment to all QIBs shall be determined as follows:

(i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.

(ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

(iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

The aggregate allotment available for allocation to QIB Bidders shall not be more than [•] Equity Shares.

### **Method of Proportionate Basis of Allotment in the Issue**

In the event of the Issue being over-subscribed, the Company shall finalise the Basis of Allotment in consultation with the Designated Stock Exchange. The executive director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the Basis of Allotment is finalised in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

a) Bidders will be categorised according to the number of Equity Shares applied for.

b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

d) In all Bids where the proportionate allotment is less than [•] Equity Shares per Bidder, the allotment shall be made as follows:

- The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and

- Each successful Bidder shall be Allotted a minimum of [•] Equity Shares.

e) If the proportionate allotment to a Bidder is a number that is more than [•] but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.

f) If the Equity Shares allotted on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

#### Illustration of Allotment to QIBs and Mutual Funds (“MF”)

S.No	Particulars	Issue Details
1	Issue size	10 lakhs Equity Shares
2	Allocation to QIB (50%)	5 lakhs Equity Shares
	Of which:	
	a. Allocation to MF (5%)	0.25 lakhs Equity Shares
	b. Balance for all QIBs including MFs	4.75 lakhs Equity Shares
3	No. of QIB applicants	10
4	No. of shares applied for	25 lakhs equity shares

#### B. Details of QIB Bids

S.No	Type of QIB bidders#	No. of shares bid for (in lakhs)
1	A1	2.5
2	A2	1.0
3	A3	6.5
4	A4	2.5
5	A5	2.5
6	MF1	2.0
7	MF2	2.0
8	MF3	4.0
9	MF4	1.0
10	MF5	1.0
	<b>Total</b>	<b>25</b>

# A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

**C. Details of Allotment to QIB Bidders/ Applicants (Number of equity shares in Lakhs)**

Type of QIB bidders	Shares bid (in Lakhs)	Allocation of 0.25 lakhs Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 4.75 lakhs Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	2.5	0	0.48	0
A2	1.0	0	0.192	0
A3	6.5	0	1.248	0
A4	2.5	0	0.480	0
A5	2.5	0	0.480	0
MF1	2.0	0.050	0.374	0.424
MF2	2.0	0.050	0.374	0.424
MF3	4.0	0.100	0.748	0.848
MF4	1.0	0.025	0.187	0.212
MF5	1.0	0.025	0.187	0.212
	<b>25.0</b>	<b>0.250</b>	<b>4.750</b>	<b>2.120</b>

Please note:

1. The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in the section entitled “Issue Structure” on page 200 of this Draft Red Herring Prospectus.
2. Out of 5 lakhs Equity Shares allocated to QIBs, 0.25 lakhs (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 100 lakh Shares in QIB category.
3. The balance 4.75 lakhs Equity Shares (i.e. 5.00 - 0.25 (available for MFs only)) will be allocated on proportionate basis among 10 QIB applicants who applied for 25 lakhs Equity Shares (including five MF applicants who applied for 10 lakhs Equity Shares).
4. The figures in the fourth column entitled “Allocation of balance 4.75 lakhs Equity Shares to QIBs proportionately” in the above illustration are arrived as under:
  - For QIBs other than Mutual Funds (A1 to A5) = No. of shares bid for (i.e. in column II) X 4.75 / 24.75.
  - For Mutual Funds (MF1 to MF5) = [(No. of shares bid for (i.e. in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 4.75 / 24.75.

The numerator and denominator for arriving at allocation of 4.75 lakhs Equity Shares to the 10 QIBs are reduced by 0.25 lakhs Shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

**Letters of Allotment or Refund Orders or instructions to the SCSBs**

The Company shall give credit the Allotted Equity Shares to the beneficiary account with depository participants within 12 Working Days from the Bid/Issue Closing Date. Applicants residing at the centres where clearing houses are managed by the RBI, will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through

direct credit and RTGS. The Company shall ensure dispatch of refund orders, if any, of value up to ₹ 1,500, by "Ordinary Post", and shall dispatch refund orders above ₹ 1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk within 12 Working Days of the Bid/Issue Closing Date. Bidders to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 12 Working Days of closure of Bid/ Issue Closing Date. In case of ASBA Bidders, the Registrar shall instruct the relevant SCSBs to, on the receipt of such instructions from the Registrar, unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid/Issue Closing Date.

**Interest in case of delay in despatch of Allotment Letters or Refund Orders/ instruction to the SCSBs by the Registrar**

The Company will ensure that (i) the Allotment of Equity Shares; and (ii) credit to the successful Bidders" depositary accounts will be completed within 12 Working Days of the Bid/ Issue Closing Date.

The Company further agrees that it shall pay interest at the rate of 15% p.a. if the Allotment letters or refund orders have not been despatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within 12 Working Days from the Bid/Issue Closing Date, whichever is later.

The Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by the Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

**UNDERTAKINGS BY THE COMPANY**

The Company undertakes the following:

1. That the complaints received in respect of this Issue shall be attended to by the Company expeditiously and satisfactorily;
2. That all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within 12 Working Days of the Bid/Issue Closing Date;
3. That funds required for making refunds orders/confirmation allocation notes/intimation of allotment, as per the modes disclosed shall be made available to the Registrar to the Issue, by the Issuer;
4. That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant, within 10 days of the Bid/ Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
5. That the confirmation allocation notes/intimation of allotment/refund orders to the Non-Resident Indians shall be despatched to their addresses within the specified time;

6. That no further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.; and
7. That adequate arrangements shall be made to collect all ASBA Bid cum Application Forms and to consider them similar to non-ASBA applications while finalising the Basis of Allotment.

#### **Withdrawal of the Issue**

The Company, in consultation with the BRLM, reserves the right not to proceed with the Issue after the Bid/Issue Opening Date but before the Allotment of the Equity Shares, and if so, the reason thereof shall be given as a public notice within two days of the closure of the Issue. The public notice shall be issued in the same newspapers where the pre-issue advertisement had appeared. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day of receipt of such notification. The stock exchanges where the specified securities were proposed to be listed shall also be informed promptly. If the Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh Draft Red Herring Prospectus with the SEBI.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges in relation to Equity Shares being offered as a part of the Fresh Issue, which the Company will apply for after Allotment, and (ii) the final RoC approval of the Prospectus.

#### **Utilisation of Issue Proceeds**

The Board of Directors certify that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilised out of Issue shall be disclosed, and continue to be disclosed till the time any part of the issue proceeds remains unutilised, under an appropriate head in the balance sheet indicating the purpose for which such monies have been utilised;
- details of all unutilised monies out of the Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested;

The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

The Board of Directors also certifies that:

- the utilization of monies received shall be disclosed under an appropriate head in the balance sheet of the issuer company, indicating the purpose for which such monies have been utilized and,
- the details of all monies out of the funds received shall be disclosed under a separate head in the balance sheet of the issuer company, indicating the form in which such monies have been invested.

#### **D. RESTRICTION ON FOREIGN OWNERSHIP OF INDIAN SECURITIES**

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GoI, as notified through press notes and press releases issued from time to time, and FEMA and circulars and notifications issued there-under. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are FIPB and the RBI. Foreign investment limit is allowed up to 100% under automatic route in the Company.

FIIs are permitted to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in the Issue.

100% foreign investment is permissible under the automatic route in the industry in which the Company operates, provided that the company complies with the requirements as specified under FEMA and the relevant Rules and Regulations framed there-under.

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

**The above information is given for the benefit of the Bidders. The Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.**

## **SECTION IX MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY**

Capitalised terms used in this section have the meaning given to such terms in the Articles of Association of the Company.

Pursuant to Section II of the Companies Act and the SEBI (ICDR) Regulations, the main provisions of the Articles of Association of the Company relating to Voting Rights, dividend, lien, forfeiture, restrictions on transfer and transmission of equity shares / debentures and/or on their consolidation / splitting are detailed below:

### **CAPITAL**

#### **Authorised Capital**

- a) The Authorized Share Capital of the Company shall be such amount as may be mentioned in Clause V of Memorandum of Association of the Company from time to time.
- b) The minimum paid up Share capital of the Company shall be ₹ 5,00,000/- or such other higher sum as may be prescribed in the Act from time to time.

#### **Increase of Capital by the Company and how carried into effect**

4. The Company in General Meeting may, from time to time, by an ordinary resolution increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting, resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of the assets of the Company and with a right of voting at General Meetings of the Company in conformity with Section 87 of the Act. Whenever the Capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of the Act.

#### **New Capital same as Existing Capital**

5. Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

#### **Power to issue Shares/Securities Preference shares**

6. Subject to the provisions of the Act and these Articles, the shares/securities (whether Equity or Preference) shall be under the control of the Directors who may allot, forfeit or otherwise dispose of the same to such persons, on such terms and conditions and at such times as Directors think fit either at premium or at par or at discount, and with full power to give any person the option to call for or be allotted shares of any class of the company either at premium or at par or at discount, such option being exercisable at such times and for such consideration as the Board thinks fit.

### **MODIFICATION OF CLASS RIGHTS**

#### **12. Modification of Rights**

(a) If at any time the share capital, by reason of the issue of Preference Shares or otherwise is divided into different classes of shares, all or any of the rights privileges shares, all or any of the rights privileges attached to any class (unless otherwise provided by the terms of issue of

the shares of the class) may, subject to the provisions of Section 106 and 107 of the Act and whether or not the Company is being wound-up, be varied, modified or dealt, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate class of meeting.

#### **New issue of Shares not to affect rights attached to existing shares of that class**

(b) The rights conferred upon the holders of the Shares (including Preference Share, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of shares of that class, be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further shares ranking pari passu therewith.

#### **Shares at the Disposal of the Directors**

13. Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

#### **Further Issue of Shares**

14. (1) Where at any time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares then:

(a) such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the company, in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date;

(b) such offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer within which the offer if not accepted, will be deemed to have been declined;

(c) the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favor of any other person and the notice referred to in sub clause (b) shall contain a statement of this right;

(d) after the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner as they think most beneficial to the company.

(2) Notwithstanding anything contained in sub-clause (1) the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause

(a) of sub-clause (1) hereof) in any manner whatsoever:

(a) if a special resolution to that effect is passed by the company in General Meeting, or

(b) where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the company.

(3) Nothing in sub-clause (c) of (1) hereof shall be deemed:

(a) to extend the time within which the offer should be accepted; or

(b) to authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

(4) Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued by the company:

(i) to convert such debentures or loans into shares in the company; or

(ii) to subscribe for shares in the company.

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

(a) either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and

(b) in the case of debentures or loans other than debentures issued to, or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in General Meeting before the issue of the debenture or raising of the loans.

(5) In addition to and without derogating from the powers for that purpose conferred on the Board under Article 13 the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the company) shall be offered to such persons (whether members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount as the meeting shall determine and with full power to give any person (whether a member or not) the option of any class of the Company either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount such option being exercisable at such time and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment or disposal of any shares.

**Shares should be numbered progressively and no share to be subdivided**

15. The shares in the capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned no share shall be subdivided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

**Acceptance of Shares**

16. An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purposes of these Articles, be a Member.

**Directors may allot Shares as full paid-up.**

17. Subject to the provisions of the Act and these Articles, the Directors may allot and issue shares in the Capital of the Company as payment or part payment for any property (including goodwill of any business) sold or transferred, goods or machinery supplied or for services rendered to the Company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than in cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares as aforesaid.

**Deposit and call etc. to be a debt payable Immediately**

18. The money (if any) which the Board shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them shall become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him, accordingly.

**Liability of Members**

19. Every Member, or his heirs, executors, administrators, or legal representatives, shall pay to the Company the portion of the Capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require on date fixed for the payment thereof.

**Registration of Shares**

20. Shares may be registered in the name of any limited company or other corporate body but not in the name of firm, an insolvent person or a person of unsound mind.

**CERTIFICATES**

**Limitation of Time for Issue of Certificates**

21. (a) Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors so time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application for registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it

is issued and amount paid up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letter of acceptance or of renunciation or in cases of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose and two Directors or their attorneys and the Secretary or other person shall sign the share certificate, provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or a whole-time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued, indicating the date of issue.

(b) Any two or more joint allottees of shares shall, for the purpose of this Article, be treated as a single member, and the certificate of any shares which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupee One. The Company shall comply with the provisions of Section 113 of the Act.

(c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

#### **Issue of new certificates in place of one defaced, lost or destroyed**

22. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding ₹2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956, or any other Act, or rules applicable thereof in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

#### **The first named joint-holder deemed sole holder**

23. (a) If any share stands in the names of two or more persons, the person first named in the Register shall as regard receipts of dividends or bonus or service of notices and all or any other matter connected with the Company except voting at meetings, and the transfer of the shares, be deemed sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all calls and other payments due in respect of such share and

for all incidentals thereof according to the Company's regulations.

#### **Maximum number of Joint Holders**

(b) The Company shall not be bound to register more than three persons as the joint holders of any share.

24. Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognize any equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof but the Board shall be at liberty at its sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

25. If by the conditions of allotment of any share the whole or part of the amount or issue price thereof shall be payable by installment, every such installment shall when due be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the share or his legal representative.

#### **LIEN**

##### **Company's lien on Shares/Debentures**

39. The Company shall have a first and paramount lien upon all the shares/ debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

##### **As to enforcing lien by sale**

40. For the purpose of enforcing such lien the Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member or the person (if any) entitled by transmission to the shares and default shall have been made by him in payment, fulfillment of discharge of such debts, liabilities or engagements for seven days after such notice. To give effect to any such sale the Board may authorize some person to transfer the shares sold to the purchaser thereof and purchaser shall be registered as the holder of the shares comprised in any such transfer. Upon any such sale as the Certificates in respect of the shares sold shall stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new Certificate or Certificates in lieu thereof to the purchaser or purchasers concerned.

##### **Application of proceeds of sale**

41. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

#### **FORFEITURE AND SURRENDER OF SHARES**

**If call or installment not paid, notice may be given.**

42. If any Member fails to pay the whole or any part of any call or installment or any moneys due to in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same, the Directors may, at any time thereafter, during such time as the call or installment or any part thereof or other moneys as aforesaid remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such Member or on the person (if any) entitled to the shares by transmission, requiring him to pay such call or installment of such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all reasonable expenses (legal or otherwise) that may have been accrued by the Company by reason of such non-payment. Provided that no such shares shall be forfeited if any moneys shall remain unpaid in respect of any call or installment or any part thereof as aforesaid by reason of the delay occasioned in payment due to the necessity of complying with the provisions contained in the relevant exchange control laws or other applicable laws of India, for the time being in force.

**Terms of Notice**

43. The notice shall name a day (not being less than fourteen days from the date of notice) and a place or places on and at which such call or installment and such interest thereon as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that, in the event of the non-payment at or before the time and at the place or places appointed, the shares in respect of which the call was made or installment is payable, will be liable to be forfeited.

**On default of payment, shares to be forfeited**

44. If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter but before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.

**Notice of forfeiture to a Member**

45. When any shares have been forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof shall forthwith be made in the Register of Members.

**Forfeited shares to be property of the Company and may be sold etc**

46. Any shares so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board in their absolute discretion shall think fit.

**Members still liable to pay money owing at time of forfeiture and interest**

47. Any Member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate as the Board may determine and the Board may enforce the payment of the whole or a portion thereof as if it were a new call made at the date of the forfeiture, but shall not be under any obligation to do so.

### **Effect of forfeiture**

48. The forfeiture shares shall involve extinction at the time of the forfeiture, of all interest in all claims and demand against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

### **Evidence of Forfeiture**

49. A declaration in writing that the declarant is a Director or Secretary of the Company and that shares in the Company have been duly forfeited in accordance with these articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.

### **Title of purchaser and allottee of forfeited shares.**

50. The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposition thereof and the person to whom such share is sold, re-allotted or disposed of may be registered as the holder of the share and he shall not be bound to see to the application of the consideration: if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the shares.

### **Cancellation of share Certificate in respect of forfeited shares**

51. Upon any sale, re-allotment or other disposal under the provisions of the preceding Article, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons entitled thereto.

### **Forfeiture may be remitted.**

52. In the meantime and until any share so forfeited shall be sold, re-allotted, or otherwise dealt with as aforesaid, the forfeiture thereof may, at the discretion and by a resolution of the Directors, be remitted as a matter of grace and favour, and not as was owing thereon to the Company at the time of forfeiture being declared with interest for the same unto the time of the actual payment thereof if the Directors shall think fit to receive the same, or on any other terms which the Director may deem reasonable.

### **Surrender of shares**

53. The Directors may, subject to the provisions of the Act, accept a surrender of any share from or by any Member desirous of surrendering on such terms the Directors may think fit.

## **TRANSFER AND TRANSMISSION OF SHARES**

### **Execution of the instrument of shares**

54. (a) The instrument of transfer of any share in or debenture of the Company shall be executed by or on behalf of both the transferor and transferee.

(b) The transferor shall be deemed to remain a holder of the share or debenture until the name of the transferee is entered in the Register of Members or Register of Debenture holders in respect thereof.

### **Instrument of Transfer**

55. The instrument of transfer shall be in writing and all the provisions of Section 108 of the Companies Act, 1956 and statutory modifications thereof for the time being shall be duly complied with in respect of all transfers of shares and registration thereof.

### **Transfer not to be registered except on production of instrument of transfer**

56. The Company shall not register a transfer in the Company unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee, has been delivered to the Company along with the certificate relating to the shares or if no such share certificate is in existence along with the letter of allotment of the shares: Provided that where, on an application in writing made to the Company by the transferee and bearing the stamp, required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit, provided further that nothing in this Article shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law.

### **Directors may refuse to register transfer**

57. Subject to the provisions of Section 111A of the Act, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares. Transfer of shares/debentures in whatever lot shall not be refused.

### **Notice of refusal to be given to transferor and transferee**

58. If the Company refuses to register the transfer of any share or transmission of any rights therein, the Company shall within one month from the date on which the instrument of transfer or intimation of transmission was lodged with the Company, send notice of refusal to the transferee and transferor or to the person giving intimation of the transmission, as the case may be, and there upon the provisions of Section 111 of the Act or any statutory modification thereof for the time being in force shall apply.

### **No fee on transfer or transmission**

59. No fee shall be charged for registration of transfer, transmission, probate, succession certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

### **Closure of Register of Members**

60. Subject to the provisions of Section 154 of the Act, the registration of transfers may be suspended at such times and for such periods as the Board may, from time to time, determine.

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year or any statutory modification thereof.

#### **Custody of transfer Deeds**

61. The instrument of transfer shall after registration be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all the transfer deeds with the Company after such period as they may determine.

#### **Application for transfer of partly paid shares**

62. Where an application of transfer relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.

#### **Notice to transferee.**

For this purpose the notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

#### **Recognition of legal representative**

63. (a) On the death of a Member, the survivor or survivors, where the Member was a joint holder, and his legal representatives where he was a sole holder, shall be the only person recognized by the Company as having any title to his interest in the shares.

(b) Before recognizing any executor or administrator or legal representative, the Board may require him to obtain a Grant of Probate or Letters Administration or other legal representation as the case may be, from some competent court in India.

Provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with the production of Probate or letter of Administration or such other legal representation upon such terms as to indemnify or otherwise, as the Board in its absolute discretion, may consider adequate.

(c) Nothing in clause (a) above shall release the estate of the deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

#### **Registration of persons entitled to share otherwise than by transfer (transmission clause)**

64. Subject to the provisions of the Act and these Articles, any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy, insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of this title as the Director shall require either be registered as member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as Member in respect of such shares; provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee as instrument of transfer in accordance so he shall not be freed from any liability in respect of such shares. This clause is hereinafter referred to as the 'Transmission Clause'.

#### **Refusal to register nominee**

65. Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse register a person entitled by the transmission to any shares or his nominee as if he were the transferee named in any ordinary transfer presented for registration.

#### **Board may require evidence of transmission**

66. Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnify be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

#### **Company not liable for disregard of a notice prohibiting registration of transfer**

67. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made, or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register or Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or require to regard or attend or give effect to any notice which may be given to them of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit.

#### **Form of transfer outside India**

68. In the case of any share registered in any register maintained outside India the instrument of transfer shall be in a form recognized by the law of the place where the register is maintained but subject thereto shall be as near to the form prescribed in Article 54 hereof as circumstances permit.

#### **No transfer to insolvent etc**

69. No transfer shall be made to an insolvent or person of unsound mind.

### **NOMINATION**

#### **Nomination**

70. i) Notwithstanding anything contained in the articles, every holder of shares or debentures of the Company may, at any time, nominate a person in whom his/her shares or debentures shall vest in the event of his/her death and the provisions of Section 109A and 109B of the Companies Act, 1956 shall apply in respect of such nomination.

ii) No person shall be recognized by the Company as a nominee unless an intimation of the appointment of the said person as nominee has been given to the Company during the lifetime of the holder(s) of the shares or debentures of the Company in the manner specified under Section 109A of the Companies Act, 1956.

iii) The Company shall not be in any way responsible for transferring the shares and/or debentures consequent upon such nomination.

iv) If the holder(s) of the shares or debentures survive(s) nominee, then the nomination made by the holder(s) shall be of no effect and shall automatically stand revoked.

#### **Transmission of Securities by nominee**

71. A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either:-

- (i) to be registered himself as holder of the share or debenture, as the case may be; or
- (ii) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture-holder, could have made;
- (iii) If the nominee elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder as the case may be;
- (iv) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the share or debenture except that he shall not, before being registered as a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with.

### **MEETING OF MEMBERS**

#### **Annual General Meeting**

Provided that if the Registrar shall have, for any special reason, extended the time within which any Annual General Meeting shall be held, by a period not exceeding three month, then such Annual General Meeting may be held within such extended period.

(b) Every Annual General Meeting shall be called at a time during business hours and on such day (not being a public holiday) as the Directors may from time to time determine and it shall be held either at the Registered Office of the Company or at some other place within the City, town or village in which the Registered office is situated.

(c) The Statutory Meeting of the Company shall be held at such place and at such time (not less than one month nor more than six months from the date at which the Company is entitled to commence business) as the Directors may determine and in connection therewith, the Directors shall comply with the provisions of Section 165 of the Act.

#### **Distinction between AGM & EGM**

85. All the General Meetings of the Company other than Annual General Meetings shall be called Extra-ordinary General Meetings.

#### **Directors may call EGM**

86. The Directors may call an Extra-ordinary General Meeting whenever they think fit.

### **Length of notice of General Meeting**

87. (a) A General Meeting of the Company, Annual or Extraordinary and by whomsoever called, may be called by giving not less than 21 days clear notice in writing.

(b) A General Meeting may be called by giving shorter notice than that specified in clause (1) hereof if consent is accorded thereto (a) in the case of an Annual General Meeting by all the members entitled to vote thereto and (b) in case of any other general meeting, by members of the Company holding not less than ninety-five per cent of such part of the paid up share capital of the Company as gives a right to vote at the meeting.

PROVIDED THAT where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those members shall be taken into account for the purpose of this clause in respect of the former resolution and not in respect of the latter.

### **Meeting not to transact business not mentioned in notice**

88. No General Meeting, Annual or Extraordinary shall be competent to enter upon discuss or transfer any business which has not been mentioned in the notice or notices upon which it was convened.

### **Quorum for General Meeting**

89. For all purposes the quorum at a general meeting shall be give members personally present. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act.

### **Business confined to election of Chairman whilst chair is vacant**

90. (a) The Chairman (if any) of the Board of Directors shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there is no such Chairman of the Board of Directors, or if at any meeting he is not present within fifteen minutes of the time appointed for holding such meeting or if he is unable or unwilling to take the chair, then the Members present shall elect another Director as Chairman, and if no Director be present or if all the Directors present decline to take the chair then the Members present shall elect one of the members to be the Chairman of the meeting.

(b) No business, except the election of a Chairman, shall be discussed at any General Meeting whilst the Chair is vacant.

### **Chairman with consent may adjourn meeting**

91. The Chairman with the consent of the Members may adjourn any Meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

When a Meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or any business to be transacted at an adjourned meeting.

### **Chairman's casting vote**

92. In the case of an equality of votes the Chairman shall both on a show of hands and on a poll (if any) have casting vote in addition to the vote or votes to which he may be entitled as a Member.

#### **In what case poll taken without adjournment**

93. Any poll duly demanded on the election of Chairman of the meeting or any question of adjournment shall be taken at the meeting forthwith.

#### **Questions at general meetings, how decided.**

94. At any general meeting a resolution including a special resolution put to the vote at the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of a show of hands) demanded:

(a) by the Chairman or

(b) by any member or members present in person or by proxy and having not less than one-tenth of the total voting power in respect of the resolution; or

(c) by any member or members present in person or by proxy and holding shares in the company on which an aggregate sum of not less than Rupees fifty thousand has been paid up.

95. A declaration by the Chairman that in pursuance of voting on a show of hands, a resolution has or has not been carried, either unanimously or by a particular majority, and any entry to that effect in the books containing the minutes of the proceedings of the meeting shall be conclusive evidence of the fact, without proof of the number of proportion of votes in favor or against such resolution.

#### **96. Demand for poll not to prevent transaction of other business**

The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

#### **Members in arrears not to vote**

97. No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands or upon a poll or be reckoned in a quorum in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised, any right or lien.

#### **Number of votes each member entitled**

98. Subject to the provision of these Articles and without prejudice to any special privileges, or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the company, every Member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and to vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company, Provided, however, if any preference shareholder is present at any meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87 of the Act, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his preference shares.

#### **Casting of votes by a member entitled to more than one vote**

99. On a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes,

use all his votes or cast in the same way all the votes he uses.

#### **Vote of member of unsound mind**

100. If any Member is lunatic or, idiot, the vote in respect of his shares shall be cast by his legal guardian(s), provided that such evidence of the authority of the person claiming to vote as shall be accepted by the Directors shall have been deposited at the office of the Company not less than forty eight hours before the time of holding a meeting.

#### **Postal Ballot**

101. Notwithstanding anything contained in the provisions of the Companies Act, 1956, and the Rules made there under, the Company may, and in the case of resolutions relating to such business as may be prescribed by such authorities from time to time, declare to be conducted only by postal ballot, shall, get any such business/resolutions passed by means of postal ballot, instead of transacting the business in the General Meeting of the Company.

#### **Votes of joint members**

102. If there are joint holders of any shares, any one of such persons may vote at any meeting or appoint another person (whether a Member or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting and if more than one of the said persons remain present than the person whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose name share stands shall for the purpose of these Articles be deemed joints holders thereof.

#### **Votes may be given by proxy or by representative**

103. Votes may be given either personally or by attorney or by proxy or in case of a company, by a representative duly Authorized as mentioned in Article 104.

#### **Representation of a body corporate**

104. A body corporate (whether a company within the meaning of the Act or not) may, if it is member or creditor of the Company (including being a holder of debentures) authorize such person by resolution of its Board of Directors, as it thinks fit, in accordance with the provisions of Section 187 of the Act to act as its representative at any Meeting of the members or creditors of the Company or debentures holders of the Company. A person authorized by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate as if it were an individual member, creditor or holder of debentures of the Company.

#### **Members paying money in advance**

105. (a) A member paying the whole or a part of the amount remaining unpaid on any share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of the moneys paid until the same would, but for this payment, becoming presently payable.

#### **Members not prohibited if share not held for any specified period**

a. A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period preceding the date on which the vote was taken.

### **Votes in respect of shares of deceased of Insolvent members**

**106.** Any person entitled under Article 64 (transmission clause) to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may be at which he proposes to vote provided he shall satisfy the Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require or the directors shall have previously admitted his right to vote at such meeting in respect thereof.

### **No votes by proxy on show of hands.**

**107.** No Member personally present shall be entitled to vote on a show of hands unless such member is present by attorney or is a corporation present by proxy or a company present by a representative duly Authorized under the provisions of the Act in which case such attorney, proxy or representative may vote on a show of hands as if he were a Member of the Company. In the case of a company the production at the meeting of a copy of such resolution duly signed by a Director or Secretary of such company and certified by him as being a true copy of the resolution shall be accepted by the Company as sufficient evidence of the authority of the appointment.

### **Appointment of a proxy**

**108.** Any member of the Company entitled to attend and vote at a Meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote on a poll, instead of himself PROVIDED ALWAYS THAT a proxy so appointed shall not have any right whatsoever to speak at the Meeting. Every notice convening a Meeting of the Company shall state that a member entitled to attend and vote is entitled one or more proxies.

### **Form of proxy**

**109.** Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in any one of the forms set out in Schedule IX of the Act, or if the appointer is a body corporate be under its seal or be signed by any Officer or attorney duly Authorized by it.

### **Validity of votes given by proxy notwithstanding death of a member**

**110.** A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the Member, or revocation of the proxy or of any power of attorney which such proxy signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the meeting.

### **Inspection of proxies**

**111.** Every member entitled to vote at a Meeting of the Company according to the provisions of these Articles on any resolution to be moved thereof shall be entitled during the period beginning twenty-four hours being the time fixed for the commencement of the Meeting, to inspect proxies lodged, at any time during the business hours of the Company provided not less than three days notice in writing of the intention to inspect is given to the Company.

### **Time for objections to votes**

**112.** No objection shall be made to the validity of any vote, except at any meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or

poll whatsoever.

**Chairman of the Meeting to be the judge of validity of any vote**

113. The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the time of taking a poll shall be the sole judge of the validity of every vote tendered at such poll.

**Resolutions requiring special notice**

114. (1) Where by any provision contained in the Act or in these Articles special notice is required for any resolution, notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the Meeting at which it is to be moved exclusive of the day on which the notice is served or deemed to be served and the day of the meeting.

(2) The Company shall, immediately after the notice of the intention to move any such resolution has been received by it, give its members notice of the resolution in the same manner as it gives notice of the Meeting, or if that is not practicable, shall give them notice thereof either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by these presents not less than seven days before the Meeting.

(3) The following resolution shall require special notice:

(a) resolution under Section 225 of the Act at an Annual General Meeting for appointing a person as Auditor other than a retiring Auditor or providing expressly that a retiring Auditor shall not be re-appointed.

(b) resolution under Section 284 of the Act removing a Director before the expiry of his period of office.

(c) resolution under Section 284 of the Act appointing a Director in place of the Directors so removed.

**DIVIDEND WARRANTS**

**Division of profits**

158. (1) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.

(2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.

(3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

**The company in General Meeting may declare Dividends**

159. The Company in General Meeting may declare dividends, to be paid to members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors, but the Company may declare a smaller dividend in general meeting.

**Dividend out of profits only.**

**160.** (1) No Dividend shall be declared or paid by the Company for any financial year except out of the profits of the Company for that year arrived at after providing for depreciation in accordance with the provisions of sub-clause (2) or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with those provisions and remaining undistributed or out of both or out of moneys provided by the Central Government or State Government for the payment of dividend in pursuance of a Guarantee given by the Government and except after the transfer to the reserves of the Company of such percentage out of the profits for that year not exceeding ten per cent as may be prescribed or voluntarily such higher percentage in accordance with the rules as may be made by the Central Government in that behalf. PROVIDED HOWEVER whether owing to inadequacy or absence of profits in any year, the Company proposes to declare out of the accumulated profits earned by the Company in previous years and transferred by it to the reserves, such declaration of dividend shall not be made except in accordance with such rules as may be made by the Central Government in this behalf, and whether any such declaration is not in accordance with such rules, such declaration shall not be made except with the previous approval of the Central Government.

(2) The depreciation shall be provided either:-

- (a) to the extent specified in Section 350 of the Act; or
- (b) in respect of each item of a depreciable asset, for such an amount as is arrived at by dividing 95 per cent of the original cost thereof to the Company by the specified period in respect of such asset; or
- (c) on any other basis approved by the Central Government which has the effect of writing off by way of depreciation 95 per cent of the original cost of the Company of its such depreciable asset on the expiry of the specified period; or
- (d) as regards any other depreciation assets for which no rate of depreciation has been laid down by the Indian Income-tax Act, 1961 or the rules made there-under on such basis as may be approved by the Central Government by any general order published in the Official Gazette or by any special order in the case of the Company;

Provided that where depreciation is provided for in the manner laid down in Clause (b) or Clause (c), then in the event of the depreciated assets being sold, discarded, demolished or destroyed, the written down value thereof at the end of the financial year in which the asset is sold, discarded, demolished or destroyed shall be written off in accordance with the proviso to Section 350 of the Act.

(3) No dividend shall be payable except, in cash, provided that nothing in this Article shall be deemed to prohibit the capitalization of the profits or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by members of the Company.

(4) Nothing in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.

(5) For the purposes of this Article 'Specified period' in respect of any depreciable asset shall mean the number of years at the end of which at least 95 per cent of the original cost of that asset to the Company will have been provided for by way of depreciation, if depreciation were to be calculated in accordance with the provisions of Section 350 of the Act.

**Interim Dividend.**

**161.** The Board of Directors may from time to time, pay to the members such interim dividends as in their judgment the position of the Company profiles.

**Debts may be deducted**

**162.** The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

**Capital paid up in advance of interest not to earn dividend**

**163.** Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits.

**Dividend in proportion to amount paid-up**

**164.** All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly.

**Retention of dividends until completion of transfer under Article 64**

**165.** The Board of Directors may retain the dividend payable upon shares in respect of which any person under Article 64 has become entitled to be a member, or any person under the Article is entitled to transfer, until such person becomes a member, in respect of such shares or shall duly transfer the same.

**No Member to receive dividend whilst indebted to the company and the Company's right of reimbursement thereof**

**166.** No member shall be entitled to receive payment of any interest or dividend or bonus in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares (or otherwise however, either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend payable to any member all such sums of money so due from him to the Company.

**Effect of transfer of shares**

**167.** A transfer of shares does not pass the right to any dividend declared thereon before the registration of the transfer.

**Dividend to joint holders**

**168.** Any one of several persons who are registered as joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such share.

**Dividends how remitted**

**169.** The dividend payable in cash may be paid by cheque or warrant sent through post direct to the registered address of the shareholder entitled to the payment of the dividend or in case of joint holders to the registered address of that one of the joint holders which is first named on the register of members or to such person and to such address as the holder or the joint holder may in writing direct. The Company shall not be liable or responsible for any cheque or warrant or pay-slip or receipt lost in transmission or for any dividend lost, to the member or

person entitled thereto by forged endorsement of any cheque or warrant or the fraudulent recovery of the dividend by any other means.

**Notes of dividend.**

170. Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holder of share in the manner herein provided.

**Dividend to be paid within thirty days**

171. (1) The Company shall pay the dividend or send the warrant in respect thereof to the shareholder entitled to the payment of dividend, within "thirty" or such days as may be prescribed from the date of the declaration of the dividend unless:-

- (a) where the dividend could not be paid by reason of the operation of any law;
- (b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with;
- (c) where there is a dispute regarding the right to receive the dividend;
- (d) where the dividend has been lawfully adjusted by the Company against any sum due to it from the shareholder; or
- (e) where for any other reasons, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.

(2) (a) The amount of dividend, including interim dividend, declared shall be deposited in a separate bank account within five days from the date of declaration of such dividend or such time as may be prescribed in the Act from time to time.

(b) Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the company in that behalf in any scheduled bank.

(c) The Company shall transfer any money transferred to the unpaid dividend account of the company that remains unpaid or unclaimed for a period of seven years from the date of such transfer, to the Fund known as Investor Education and Protection Fund established under section 205C of the Act.

The Board shall forfeit no unclaimed or unpaid dividend.

**Unclaimed amounts as per Section 205C**

172. All amounts due as provided in Section 205C of the Companies Act, 1956, which remains unpaid or unclaimed for a period of seven years from the date of transfer to the prescribed accounts provided in the Act shall be transferred by the Company to Investor Education and Protection Fund established under Section 205C of the Act.

**No interest on Dividends**

173. No unclaimed dividend shall be forfeited and no unpaid dividend shall bear interest as against the Company.

**Dividend and call together**

174. Any General Meeting declaring a dividend may on the recommendations of the Directors make a call of the Members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend; and the dividend may, if so arranged between the Company and members be set off against the calls.

## INDEMNITY

### Directors' and others right to indemnity

197. Subject to provisions of Section 201 of the Act, every Director, or Officer or Servant of the Company or any person (whether an Officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors to pay, out of the funds of the Company, all costs, charges, losses and damages which any such person may incur or become liable to, by reason of any contract entered into or act or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him as such Director, Officer or Auditor or other officer of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favor, or in which he is acquitted or in connection with any application under Section 633 of the Act on which relief is granted to him by the Court.

### Director Officer not responsible for acts of others

198. Subject to the provisions of Section 201 of the Act, no Director, Auditor or other Officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or Officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damages arising from the insolvency or tortuous act of any person, firm or company to or with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by any error of judgment, omission, default or oversight on his part or for any other loss, damage or misfortune whatever which shall happen in relation to execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

### Not responsible for acts of others

199. Subject to the provisions of the Act, no Director, Managing Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Directors or Officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty.

## SECRECY

### Secrecy

200. (a) Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the company shall, if so required by the Directors, before entering upon his duties, sign a declaration pleading himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matter which may come to his knowledge in the discharge of his duties except when required so to do

by the Directors or by any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

**Access to property information etc**

(b) No member or other person (other than a Directors) shall be entitled to enter the property of the Company or to inspect or examine the Company's premises or properties or the books of accounts of the Company without the permission of the Board of Directors of the Company for the time being or to require discovery of or any information in respect of any detail of the Company's trading or any matter which is or may be in the nature of trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to disclose or to communicate.

## SECTION X - OTHER INFORMATION

### A. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this DRHP), which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus, which will be delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company from 10.00 am to 4.00 pm on Working Days, from the date of the Draft Red Herring Prospectus until the Bid/Issue Closing Date.

#### MATERIAL CONTRACTS

1. Memorandum of Understanding between the Company and the BRLM dated March 29, 2011.
2. Memorandum of Understanding between the Company and Registrar to the Issue dated October 21, 2010.
3. Escrow Agreement dated [●] amongst the Company, BRLM, Registrars to the Issue and Escrow Bankers.
4. Syndicate Agreement dated [●] amongst the Company, the BRLM and the Syndicate Members.
5. Underwriting Agreement dated [●] amongst the Company, Syndicate Members and the BRLM.
6. Tripartite agreement dated January 18, 2011 amongst the Company, BSPL and NSDL, for offering depository services.
7. Tripartite agreement dated January 12, 2011 amongst the Company, BSPL and CDSL, for offering depository services.

#### DOCUMENTS FOR INSPECTION

1. Memorandum and Articles of Association of the Company, as amended from time to time.
2. Certificate of Incorporation of the Company dated February 24, 2006.
3. Certificate of commencement of business of the Company dated March 31, 2006.
4. Certified true copy of the resolution passed at the meeting of the Board of Directors held on January 01, 2011 approving this Issue.
5. Certified true copy of the resolution passed u/s. 81(1A) of the Companies Act, 1956 at the Extra-ordinary General Meeting held on January 24, 2011 approving this Issue.
6. Resolutions of the general body for appointment and remuneration of the Whole-time Directors.
7. Consents of all Directors, Company Secretary and Compliance Officer, Auditors, Book Running Lead Manager, Syndicate Members, Rating Agency, Legal Advisor to the Issue, Bankers to the Company, Bankers to the Issue, Registrars to the Issue, to include their

names in this Draft Red Herring Prospectus/Red Herring Prospectus/Prospectus to act in their respective capacities.

8. Report of the Auditors, SPAD & Associates, Chartered Accountants on restated financials dated April 13, 2011 mentioned in this Draft Red Herring Prospectus alongwith Audited Accounts for the periods mentioned.
9. Report of the Auditors SPAD & Associates, Chartered Accountants dated April 13, 2011 on the Tax Benefit available to the Company and Shareholders.
10. Consent of the Auditors SPAD & Associates, Chartered Accountants dated April 13, 2011 for inclusion of their report on restated financial statements and tax benefits available to the Company and its shareholders respectively.
11. Statutory Auditors Certificate dated April 13, 2011 regarding Sources and Deployment of Funds as on March 31, 2011.
12. Certified true copy of the resolution of the Meeting of the Board of Directors of the Company for the constitution of Audit Committee, Remuneration Committee and Investor Grievance/Redressal Committee.
13. Certified true copy of Due Diligence Certificate dated April 18, 2011 to SEBI from BRLM - Karyv Investor Services Limited.
14. In-principle listing approvals from BSE and NSE dated [●] and [●] respectively.
15. Power of Attorneys for signing and making necessary changes to the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus.
16. SEBI Observation Letter No. [●] dated [●] and reply given by BRLM - Karyv Investor Services Limited dated [●].
17. Legal Clearance Certificate dated April 18, 2011 given by ALMT Legal, Legal Advisors to the Issue.
18. Copies of Form 5's along with relevant resolutions regarding increase of Authorised Share Capital.
19. Letter No. [●] dated [●] issued by [●] Limited describing the IPO Grading with the rationale.
20. Consent from [●] Limited for inclusion of their report in the form and context in which they appear in the Red Herring Prospectus and the Prospectus.
21. Certificate of the Auditors SPAD & Associates, Chartered Accountants dated April 13, 2011 certifying the Material Development during the period from November 01, 2010 to March 31, 2011.
22. Copy of resolution of Board of Directors dated April 18, 2011 approving the Draft Red Herring Prospectus.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time, if so required, in the interest of the Company or if required by the other parties, without reference to the shareholders, subject to compliance of the provisions contained in the Act and other relevant statutes.

## **B. DECLARATION**

The Directors of the Company certify that all relevant provisions of the Act, and the guidelines/Regulations issued by the Gol or by SEBI, as applicable, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Act, the SEBI Act or the rules/regulations made or guidelines issued there-under, as the case may be, and that all approvals and permissions required to carry on the business of the Company have been obtained, are currently valid and have been complied with. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

### **SIGNED BY:**

Mr. Komaravelli Shiva Kumar - Chairman and Managing Director

Mr. Darapuneni Murali - Executive Director

Mr. Puligilla Hanmantha Rao - Independent Director

Prof. Haripuram Venkateshwarlu - Independent Director

Mr. Doddapaneni Seetharamaiah - Independent Director

Ms. Kadiyala Suneetha, Manager(Accounts & Finance)

Mr. Kondaveti Rajesh Babu, Company Secretary & Compliance Officer

Place: Hyderabad

Date: April 18, 2011